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How the People Helped the Railroads

WHICH are now helping the people — Cash aid, land grants and bond guarantees have been plentiful.

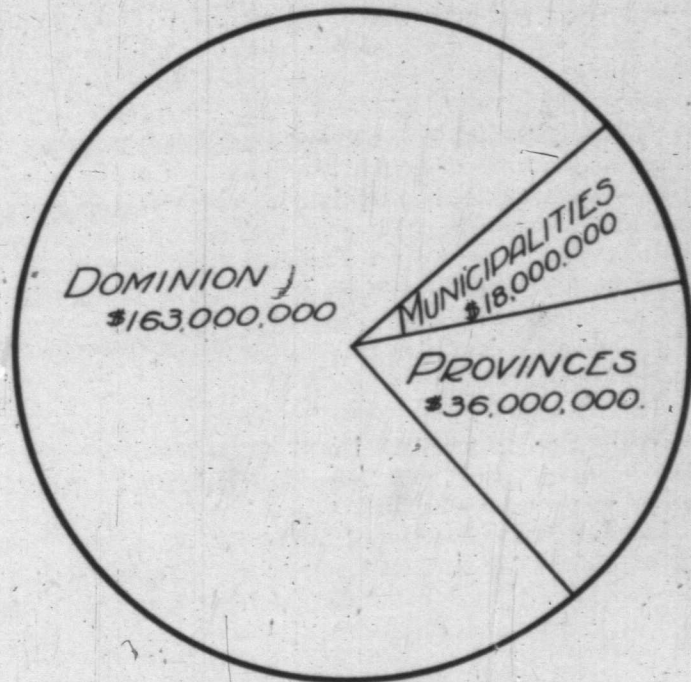
NOW that one period at least of Canadian railroad construction has almost been completed, there is a growing public tendency to regard the desirability of further railroad subsidies and bond guarantees, with some doubt. This was made clear in the recent Canadian Northern Railway discussion in the House at Ottawa. Canadian railroads have received a remarkable amount of assistance in the shape of cash subsidies by the Dominion, provinces and by municipalities, land grants, direct loans, and guarantees of bond issues. Some interesting figures are given in the railway statistics compiled by Mr. J. L. Payne, of the department of railways, at Ottawa. They are gathered from sworn returns furnished by the several railway companies. From these it is seen that during the year ended June 30th, 1913, cash aid to railways was given amounting to \$9,758,084, the sum being distributed as follows:

By the	
Dominion	\$9,176,234
Provinces	554,500
Municipalities	27,350
Total	\$9,758,084

Canada's account respecting cash subsidies has grown at a rapid rate. In 1876, the Dominion had assisted to that date to the extent of \$18,000,000; the provinces \$4,000,000, and municipalities \$5,000,000. The Dominion figures included a loan of \$2,311,666 to the Northern Railway, an amount which was not reported after that year. In 1884, the Dominion's cash subsidy account to railways had grown to \$78,000,000, including a loan of \$29,880,912 to the Canadian Pacific Railway. That loan is not reported after that year. At the same time, the provinces had given cash assistance of nearly \$20,000,000 and the municipalities of nearly \$10,000,000.

In 1910, the Dominion government stood behind a sum of \$147,000,000, which included a loan of \$10,000,000 to the Grand Trunk Pacific Railway Company. In the same year, the provinces were responsible for \$35,000,000 and the municipalities for \$17,000,000. In 1912, the Dominion's figures had risen to \$154,000,000, including a payment of \$4,994,416 to the Grand Trunk Pacific under the now-famous implement clause of the agreement between the Dominion government and the company. The cause and effect of this clause will bear repetition.

By two agreements, dated 1903 and 1904, between the Canadian government and the Grand Trunk Pacific Railway Company, the company undertook the guarantees of the bonds of the company issued in respect of its western division to an amount not exceeding \$13,000 per mile upon the prairie section and not exceeding three-fourths of the cost of construction of the mountain section. At the time the first agreement was entered into, it was thought that the three per cent. bonds of the Grand Trunk Pacific Railway Company, guaranteed by the Dominion of Canada, would sell at about par. By 1904, it became



Cash aid given to Canada's railroads.

apparent that that expectation would not be realized, and in the agreement of that year there was inserted a clause—commonly known as the "implementing clause"—whereby the government agreed to implement its guarantee to the extent of the difference between the selling value of the Grand Trunk Pacific bonds and par. That is to say, if the bonds should sell at less than par, the government would implement its guarantee to produce par, the intention evidently being that the par value of the bonds should be available for the purposes of the construction work of the railway company.