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THE BARGAIN WITH THE SYNDICATE.

The truth about the Pacific Syndicate seems to be that the government experienced some difficulty in finding men financially capable who were willing to take hold of so gigantic an undertaking as the Pacific Railway, and in which there was so large an element of uncertainty. The Government was under the necessity of finding contractors to take the work with all its contingencies, while neither the members of the Syndicate nor any other capitalists were under any necessity of taking the contract. Thus, at the start, the odds were all against the Government and in favor of the Syndicate. If the bargain is, in some respects, as it doubtless seems, one-sided, the fact referred to furnishes the explanation. It was well known that the Government was anxious to deal with a company; and it was not want of publicity that prevented competitors with the Syndicate with which the bargain was finally made, coming forward to offer better terms. So far as we know, the terms actually agreed to, had to be conceded, in order to get any agreement at all. The feeling in the country and in the Legislature was in favor of the work being done by a company. Both political parties were committed to that view of the question. The alternative was for the Government to go on with the construction as it had commenced, committing the country to a money expenditure which every one felt it was not prudent to incur, and a continuance in which seemed like fate hurrying its victim to ruin.

It is not surprising, if, under these circumstances, the bargain contains some things which none of us like to see. The dread of a monopoly being created is natural, under the circumstances: a land monopoly and a railway monopoly combined. Of land companies, formed merely for commercial purposes, and without any ulterior object of making great public improvements, the history of colonization in North America

affords many examples. When lands were granted to court favorites merely that they might enrich themselves at the expense of the settlers, the prodigality on the one side and the injustice on the other were apparent to all men; at least they became so, in the light of subsequent experience. Sales of land to companies, at a nominal price, were practically as vicious in principle as the grants to court favorites. The monopolies created in this way were in the last degree odious. But the giving of lands in aid of railway construction is quite a different matter. The railway gives value to the lands which were before useless, and it makes the settlement of adjoining lands possible. Whether it is desirable to pay for the facilities of a railway in land rather than in money, or in money rather than in land, must depend upon circumstances. In the actual case, it is better for the country that land should be utilized, than that the country should bind itself to a full money payment. On this point there is something like a general agreement.

In what, then, consists the danger of the creation of a landed monopoly? The answer is, we take it, that the grant is made without limitation as to price or the time of selling. Whatever danger there is, is to be found here. As the Syndicate gets each alternate section on either side of the road, there remains as large a quantity of land as that which it will get without these limits, over which it has no control. These conditions create competition, the law of which the Syndicate cannot evade. It cannot sell at a higher price than the other lands in an equally favorable position can be bought for. This competition will furnish an automatic limitation of price, which will at least be as good as any artificial limitation that could possibly be devised. A limit of price, artificially fixed, could be evaded by nominal sales, the purchaser at once putting up the price. But the market price, the effect of competition, cannot be got over. It is at once the best and the most natural limit, so long as the effects of competition continue to be felt.

But if this competition ceased to produce its automatic effect, as it would if the materials of competition were exhausted; in other words, if all the competing lands were taken out of the market, some other reliance would become necessary. In that event, a fixed limit of price would be desirable, and it is very unfortunate that it has not been provided. Time is another element which might be taken into account. It is not probable that the Syndicate will attempt to hold its lands till the competing lands are all out of the market, and then exact a monopoly price. Its interest, as the owner of the

railway, is that as much land as possible shall be made to produce something to furnish freight, at the earliest moment possible. No railway company receiving large grants of land has attempted to play dog in the manger in this way, and it is not probable that any ever will. But there is a conceivable residuum which the Syndicate might desire to hold for monopoly purposes, after the greater part of the grant had been disposed of. There ought to have been some provision to guard against this danger. It might have been either in the shape of a limitation of price, or a requirement that the company should dispossess itself of the lands within a given time. The danger of a land monopoly is not immediate, but it would be well to guard against it when the danger may be expected to come. A company which gets a considerable part of its pay in land must realize on the land, as soon as it can; on no other principle could this kind of pay be taken; so that, in this way, the danger of monopoly is reduced to a minimum; but it is certainly desirable that no trace of it should be allowed to exist.

The chances of a railway monopoly being created are perhaps greater. The perpetual exemption of the railway and its plant from taxes is injudicious, and it ought to have been unnecessary. What a new road like this wants in aids of this kind, it wants in its infancy. There will, in all probability, come a time when the Canada Pacific will be a profitable road; and when that time comes, it will not be reasonable that the road should enjoy exceptional immunity from taxes. The most that can be said in extenuation is that this exemption is a part of the bargain. We answer, it was unreasonable to make it a part of the bargain. A railway free from taxes enjoys an advantage over taxed roads; and the inequality creates an element of monopoly, which, combined with other exclusive advantages, may become a source of future danger. The right to build branches anywhere is a grant of unknown extent; because the importance of future branches cannot now be accurately measured or even estimated. It is too sweeping and exclusive to be wholesome. But it does not, in terms at least, create a monopoly, except to the south, for a term of twenty years. Still the company that owns the Trunk line has an advantage which no other builders of branches can have; and with this advantage the Syndicate ought to have been satisfied. What it ought to take, as the total amount of its remuneration, it was for the Syndicate to say; but no part of its compensation should have been put into an obnoxious and injurious form. The public interests should have been guarded at all points, and this, we are sorry to say, has not been done.