

WILLIAM DARLING & CO.,

IMPORTERS OF

*Metals, Hardware, Glass, Mirror Plates,**Hair Seating, Carriage**Makers' Trimmings and Curled Hair.**Agents for Messrs. Chas. Ebbingshaus & Sons, Manufacturers of Window Cornices.**No. 30 St. Salpice, & No. 379 St. Paul Streets***MONTREAL.****A. & T. J. DARLING & CO.****BAR IRON, TIN, &c.,
AND SHELF HARDWARE.****CUTLERY A SPECIALTY.**

FRONT ST., East.]

TORONTO.**PATERSON BROS.,**

IMPORTERS.

MILLINERY

AND

**FANCY
DRY GOODS****58 & 60***Wellington Street West,***TORONTO.****22 ST. HELEN ST.,****MONTREAL.****The Journal of Commerce**

FINANCE AND INSURANCE REVIEW.

MONTREAL, JANUARY 21, 1881

THE QUESTION OF THE DAY.

In his speech on Monday evening, Sir John Macdonald nailed his colors to the mast on the question of entertaining the proposal recently made by the new Syndicate. Whatever may be the respective merits of the old and new propositions, it is clear that the Government, which took the responsibility of signing the contract with the first Syndicate, had no option but to procure its ratification by Parliament or to resign office. We have no desire to impeach the motives of the subscribers to new Syndicate, but our conviction is that there are few people in Canada so credulous as to believe that, if the Government had advertised for tenders in Canada, they would have received the offer which

has been just made. On the other hand, it must be sufficiently obvious that, by failing to obtain offers in answer to a formal advertisement, the Government would have materially weakened its hands.

We confess that it appears to us that, under all the circumstances of the case, the Government was fully justified in believing that there was no desire on the part of Canadian contractors to assume the weighty responsibility of organizing themselves as a company to construct and operate the Pacific Railroad. One member of the new Syndicate, who is said to have taken a prominent part in its organization, is peculiarly situated. We refer to Major Walker of London, who was one of the Syndicate formed some years ago for the same purpose, and was, if we are not mistaken, vice-president of the old company of which Sir Hugh Allan was president. It is well known that the company in question was unable to carry out its agreement, and that the deposits were returned. Major Walker is hardly in a position to come now to demand the repudiation by the Government of a *bona fide* contract in order to give him another chance. It will be recollected that a rival company called the Inter-Oceanic was started about 1872, claiming to be more entitled to confidence than the Allan Company. When, however, the Allan Company found it necessary to abandon their contract, the members of the Inter-Oceanic did not deem it to be their interest to renew their offers.

Ever since the terms made with the Syndicate were made public, there have been unceasing efforts on the part of the opponents of the Government to persuade the public that the contract was a most ruinous one for the Government, and, as a consequence, a most advantageous one for the Syndicate. It seems to us that the new Syndicate has miscalculated very much in a matter of vital importance. They have reduced the subsidy in land and money, but only on the thirteen hundred and fifty miles in the centre. This is evidently based on the cheapness of construction of the centre section. Now there is one point on which there can be no doubt whatever, and that is that the really serious responsibility which the contracting company will have to assume, is the operation of the road for a period of at least ten years after its completion. Our inference that the new Syndicate has wholly failed to appreciate the chief difficulty to be contended with, is founded on their reduction of the bonus on the central section, leaving that on the Eastern section to stand precisely as proposed by the old Syndicate.

It must be borne in mind that no company, endowed with common sense, would enter into such an agreement as that which the Government must require, without calculating on a heavy loss in the operation of the road during the ten years succeeding its completion. The loss must be entirely speculative, but, whatever it may be, it will be spread over the entire line, and not only over the sections which have to be constructed by the new company, but also over those sections which have to be completed by the Government. The question of the advantage of the contract depends mainly on the result of the operation of the road. The risk is tremendous, and so great that all prudent Canadians must rejoice that the Government is relieved from the responsibility, which, in the case of the Intercolonial, a line comparatively insignificant, has been found to be so serious. The annual loss in operating the Intercolonial has been nearly, if not quite, \$200 per mile, and if only a similar loss be estimated on the Pacific it would reach \$525,000 annually, in addition to the loss of interest on the capital invested. When we examine the names appended to the new Syndicate, and find that Sir William Howland, Mr. McMaster, Mr. Gilmour, Mr. Gibson, and others, all gentlemen of high repute, and unobjectionable as capitalists, are wholly without railroad experience, and necessarily incapable of forming the least idea of the probable loss in operating the road, we confess that we are driven most reluctantly to the opinion that the proposal of the new Syndicate was made without an idea that it could be accepted. We own that our impression is formed simply from the conviction that men like Sir Wm. Howland and Mr. Allan Gilmour, whose antecedents render it simply impossible that they can be capable of forming even an approximate judgment on the really vital question at issue, have never calculated the possibility of heavy loss in the operation of the road, and in case of failure the sacrifice of the capital of the Company.

The new proposition seems to have been framed simply to gain the support of public opinion, by offering what at first sight must be admitted to be "better terms" than those which the first Syndicate was able to secure. It must be admitted that the parties to the first contract had the advantage of experience. Sir Charles Tupper was personally acquainted with the loss consequent on the working of the comparatively short line of the Intercolonial, to say nothing of the other objections, pointed out by Sir John Macdonald in his speech, to the operation