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EDWD. TROUT, MANAGER.

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MILL MEN IN COUNCIL

A congress of cotton manufacturers was held in Montreal last week, and was pretty well attended, all the mills but two being represented. It is stated that their deliberations were marked by a degree of unanimity very gratifying, but no decided line of action was agreed upon the meeting not having assumed any very formal character. A committee was appointed, however, to draft some sort of a constitution or basis of agreement, and we believe it is intended that the managers of each mill shall embody their ideas in writing, to be forwarded to this committee. The opinion was generally expressed we believe, that the present rate of production would have to be reduced thirty per cent. Another meeting will take place on the 4th Sept., when some definite action is likely to be taken, in this particular.

Had the suggestions of this journal been acted upon, some such course would have been taken long ago; and in that event, any loss which over-production may occasion, would have been prevented. The gigantic strides which the cotton industry has been taking are traced in Mr. W. J. Patterson's annual report of the Montreal Board of Trade. In 1879, the capital invested in this industry was only $2,100,000, and in 1883 it has reached $8 500,000. The raw material used had, in the same time, gone up from £12,800,000 to £38,470,000, and the yards of cloth produced from 38,000,000 to 115 000,000. In the woollen industry, there has been a great increase, though much less than in the cotton. Capital increased from $1,644,000 to $2,388,000, and cloth from 3,212,000 to 4,079,500 yards. The cotton manufacturers are wise in calling a halt. Some relief may be found in diversifying their productions; the chief manufacture for a long time being hitherto largely confined to one class of goods.

What has been already done in the direction of producing in Canada cotton fabrics of different textures and colors for various uses, finds creditable illustration in the colored and check shirtings of the St. Croix mill, the white and colored linings and silesias from Valleyfield, the Hochelaga canton flannels, the soft bleached goods of the Merchants Cotton Co., the colored shirtings and checks of Parks & Co., the Lybster tickings, the Dundas shirtings, besides ducks, cotton hollands, and articles of domestic use or personal wear, which are now in the market from Canadian mills. Much has been done, and well done. The points which appear to have been not sufficiently considered are the proportion to be observed in the product of common greys, upon which every mill has run, and the relation which should be borne by the capacity of mills to the requirements of the country.

AMERICAN RAILWAYS.

Mr. Poor's annual compilation, the *Manual of the Railroads of the United States* is a storehouse of valuable information on the subject of which it treats. The issue for 1883, is specially important in more than one particular. It shows that railway construction is proceeding at an unprecedented rate and that the new capital is enormously diluted. At the close of the year 1882, the United States had 113,329 miles of railway, of which no less than 11,591 miles had been constructed within the year.

At this rate, a length of railway equal to the total existing in that country would be built in less than eleven years. What is meant, or implied, in the building of eleven thousand miles of railroad in a single year does not appear so strikingly, perhaps, until we compare this feat with what other countries are doing in the same direction. None of the countries with which comparison is possible have any such extent of territory, of course, within which to lay track. But this, at least, is very suggestive, viz.: that 28,554 miles of railway were built in the United States in the three years, 1880, 1881 and 1882, which is 7,000 miles more than that of Germany, the largest in Europe; 10,000 more than the total existing mileage of Great Britain (stated at 18,457 miles in the Board of Trade returns for last year) and 11,000 more than that of France.

We condense here, from an elaborate series of tables, figures showing the capital stock, floating debt, &c., of roads for each of several recent years :

	Miles of line.	Capital Stock.	Funded Debt.	Floating Debt.
1879.......	84,393	$2,395,647,000	$2,319,489,000	$156,88[illegible],000
1880.......	91,147	2,692,978,000	2,517,547,0 0	162,4[illegible]9,000
1881.......	101,949	3,070,823,000	2,831,860,000	212,766,000
1812.......	112,412	3,45[illegible],078,000	3,184,415,000	255,170,000

	Miles Operated.	Gross Earnings.	Net Earnings	Dividends Paid.
1879.......	79,[illegible]00	$525 620,000	$217,153 000	$61,781,0[illegible]0
1880	82,744	615,266,000	272 545,000	77,115,000
1881.......	93,[illegible]58	703,290,000	28[illegible],753,000	93,344.000
1882.......	107,158	770,356,000	310,682,000	102,[illegible]31,000

The interest paid, which in 1879 was $112,000,000 and in 1880 only $107,800,000, had increased in 1881 to $128,500,000 and last year reached $149,000,000. Railway construction does not proceed at an uniform rate; it goes by fits and starts; but there is clearly something abnormal in the rate of construction last year. Several of the new roads are parallel to old lines which are capable of doing all the business offering or likely to offer, for some years to come. This is more particularly true of roads in the older States. The nominal share capital of the new roads amounted to $385,254,584; the funded debts were $352,554,496 and the floating debts $42,404,965. If we go back two years farther, we find that during the three years ending with 1882, the increase in the share capital and indebtedness of the railways was $2,023,646,842. The average cost a mile last year, went up to the enormous figure of $70,000. The cash cost is estimated, by good authorities, at about $30,000 a mile. The difference may be accounted for in two ways: there has been a watering of stock, and securities on which money has been borrowed have been issued at discount. The surplus stock represents water, the discount measures the estimate which the public puts upon the bonds; it is the bonus which tempt investors to take the risk. The discount is inevitable and legitimate; the issue of surplus stock increases the amount to earn a dividend upon, without adding to the earnings power. "This surplus of securities," says the *Railway Review*, has been the factor which has gradually lessened the confidence of the public in railway investments, resulting in the marked decline in value of all shares during some months past. "The amount of capital fixed in railways is what the public advances, in any form. Stocks and bonds which the public refuses to take are merely nominal amounts, which represent no capital, but which may in future become potential to draw capital. To know how much floating capital the new railways have converted into fixed capital, we should require to know what the public has advanced in different forms. It is probable that twenty-five per cent. of the new nominal capital, added in 1882, has not gone into investment. Upon some of the stock and bonds of which it is made up, loans will have been got; and in this way the capital handled has been increased.

New railways are only one of the many means by which floating capital is converted into fixed capital. It is impossible to resist the conclusion that capital is being absorbed faster than it is created, and that an exhausting process is going on. This process will, sooner or later, lead to a financial crisis, in the worst form which a financial crisis can take. But we must not hastily conclude that all this capital is being taken out of the American stock. The proportion that is borrowed abroad has to be deducted; and as long as that proportion is an unknown quantity, the precise extent to which the floating capital of the States is reduced by the process cannot be ascertained. But after making every allowance, the amount must be enormous. The proportion of foreign capital is certainly not large. Europe is suspicious of American railway manipulations, and in these latter days does not readily respond to invitations to take stock or lend on bonds. If we accept the estimate of $1,050,000,000 as the cash expenditure on American railways, including the improvement of old lines in the last three years, we should still be in the dark as to how much was foreign and how much domestic capital. The railway securities brought into existence, during the last three years, are estimated at £973,648,842 more than the actual cash expenditure. In this state of facts, it is not surprising that the percentage of earnings to stock and bonds was less last year than before. Irrespective of the distrust which the creation of very large amounts of surplus stock creates, the inevitable effect is to lessen dividends and diminish the chances of bondholders getting their own.

We see no reason to conclude that the disasters which followed the disproportional railway development in 1873, will not be repeated, sooner or later. If more capital