Railway Construction. During 1908, activity in railroad building in the United States was some 40 per cent. less than in 1907. Canadian construction, on the other hand, was increased more than 20 per cent. The addition of some 1,300 miles during the year brought the aggregate mileage up to about 23,750. Further, there are now under contract nearly 4,500 miles, according to the Minister of Railways and Canals. While only part of this mileage will be completed during 1909, it is estimated that the expenditure on construction by the various lines will reach considerably over $75,000,000. This means much, surely, to general business conditions.

The Grand Trunk Pacific progresses apace. Regular trains between Port Arthur and Edmunton will be scheduled in a few months. In the East, too, work on the National Transcontinental is steadily being extended. The Canadian Pacific, according to Vice-President Whyte, contemplates extensive work in the West, from now on; nor does this system neglect the East. Both it and the Grand Trunk made important increases in mileage in the older provinces during 1908. The Canadian Northern continues its tireless interlacing of routes East and West, and is rapidly taking its place with its rivals among the greater systems of the continent.

That there is justification for railroad growth in Canada seems beyond doubting. This is not to say, however, that the greatest care should not be exercised in deciding upon every mile projected. Even in Canada, it is scarcely advisable to put a railway "any old where," or any new where either.

The Limitations of Domestic Capital. A country in so actively developmental a stage as Canada, must necessarily depend largely upon outside capital. It is no sign of weakness; but a means of strength, so long as the test is rigidly applied of economical expenditure in profitable undertakings. The chartered banks fulfil their function in serving the current needs of industry and transportation. Normally they can have but little money available for meeting the capital expenditure in corporate, municipal and national development. And thus it is that less than 3 per cent. of the total assets of the banks is in Dominion, provincial or municipal securities. As to loan and trust companies—as Managing Director E. R. Wood, of the Central Canada Loan & Savings Company, recently pointed out in Toronto—they meet the needs of the individual borrower rather than those of corporate undertakings. Through their aid, in the form of mortgages, "farms are improved, buildings erected, new land bought and working conditions made more effective; while in the towns and cities they advance funds for meeting the expanding needs of dwelling accomodation and general development." And even this accomodating of domestic borrowers is accomplished largely by capital from abroad. The loan companies of Ontario have debentures outstanding to the amount of over $38,000,000 payable abroad (virtually all in Scotland); those payable in Canada are considerably less than half that amount.

The Home Demand for Canadian Securities. The most important Canadian institutional investors in securities are, of course, the insurance companies including branches of American and British companies. But these, according to Mr. E. R. Wood, devote only about one-third of their total assets to the purchase of Canadian bonds—a large part of their investments being in mortgages.

Supplementing the security buying of insurance companies, savings banks and other financial institutions, there is, of course, that of individual investors, especially in the older provinces. But taking into account all the various and steadily growing home demands for Canadian securities, there is not yet in Canada a sufficient accumulation of individual surplus wealth to absorb such securities as our Government, municipal and high-class corporation borrowings. Mr. Wood's conclusion is, therefore, obvious that for great permanent investments necessary in railway development, in providing power, light, heat and other public and municipal services, and in meeting the needs of the Dominion, provincial and municipal governments, we must apply to London, the world's financial centre.

Our Use of Capital from Abroad. When we are reminded that Canada has Dominion and provincial government debts of some $300,000,000 to Great Britain, and a railway bonded indebtedness of about $500,000,000, there comes strong realization of what it means to have had a ready and favourable access to the world's great credit mart. That the steadily progressing development of the country warrants an investment so stupendous is not open to doubt. Yet the situation is one involving grave responsibilities; and Mr. Wood sums it up none too strongly when he says that it rests with all issuers of securities, with every bond dealer, broker and financier, with every financial corporation, with every municipal council—and in a more important sense with every Provincial Legislature and with the Dominion Parliament—to see that the man who ventures his money in a Canadian enterprise is treated fairly and honestly. Canada must fully sustain the confidence of the British investor through the years to come.