

RAILROAD DEVELOPMENT IN CANADA.

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THE first impression created by a glance at official data relating to the operations of Canadian railways for the year ended 30th June, 1915, is that our transportation interests were hit rather hard by conditions which grew out of the war. On further consideration, however, that impression is somewhat modified. A heavy blow was given to traffic and resultant earnings. There can be no doubt of that; but any depression which might be developed by that fact alone, gives place to relief when the whole situation is carefully analyzed. It is then realized that the railways were able in large measure to meet adversity by adjustment. That is to say, while receipts fell off, there was a proportionate reduction of operating cost. Hence net earnings were fairly maintained. To the intelligent student the results of the past year will be accepted as revealing first-class executive and administrative capacity by our railways. It is stress of weather which tests seamanship, and it is assuring to know that the strength and soundness of our railway situation stood up against the hurricane of 1914-15.

A special feature of the year was the quite unprecedented addition to operative mileage. Everyone familiar with what was going on in the country knew that since 1910 a very large amount of construction work had been under way. Some of the heavier undertakings, such as the National Transcontinental and Grand Trunk Pacific, had actually been started ten years ago. During the four years following 1910 there were 6,063 miles of new line brought upon an operating basis. That was really a significant betterment of transportation facilities—more significant than the unthinking onlooker would suspect. It meant that we had built railway lines beyond the actual need created by swelling population. Nor had such enlargement of carrying facilities been demanded by the pressure of traffic upon existing lines. When the movement began, Canada stood in first place among the nations on the basis of railway mileage per capita. She is still at the top. The tremendous activity in railway building—for by every fair standard of railway measurement it was tremendous—which had been in evidence for years past was an expression of faith in the future of Canada rather than an attempt to meet immediate and urgent needs. Like the charge of the Light Brigade, this faith was no doubt superb; but there are not a few who regard it as, on the whole, imprudent. Time will tell.

An increment of 4,788 miles to operating mileage in 1915 broke all records. Added to the 6,063 miles, to which allusion has just been made, it meant that within the past five years railway mileage in Canada had been expanded by 10,852 miles, or an average of 2,170 per annum. The United States did not do as much during the same period. It is doubtful if the whole of Europe did. This addition was greater than the mileage of the Dominion in 1885—the year the Canadian Pacific was completed—and it brought the total up to 35,582. That total pushed Canada up to fourth place among the nations of the world, only the United States, Russia and Germany being ahead of her. Let us now see how the 10,852 miles of new line put in operation since 1910 were distributed. The following little table will show:—

	Added since 1910.	Present mileage.
Ontario	2,472	10,702
Quebec	882	4,677
Manitoba	1,277	4,498
Saskatchewan	2,395	5,327
Alberta	1,686	3,174
British Columbia	1,268	3,100
New Brunswick	440	1,962
Nova Scotia	16	1,367
Prince Edward Island	6	275
Yukon	11	102
In United States	398	398
Total	10,852	35,582

It should be explained that the mileage assigned to the United States consists merely of sections of Canadian lines which, for purely geographical reasons, cross American territory—such as the well-known Short Line of the Canadian Pacific connecting Quebec with New Brunswick. Look, however, at the table, and see that 6,626 of the 10,852 miles were located west of Lake Superior, or nearly 62 per cent. of the whole. That is where the facilities are most needed, in the area of settlement. It was confidence in the future of our vast and fertile West which impelled this striking construction work.

It will now be in place to see what all this development of carrying power since 1910 has cost; for railways are not built on faith alone. They not only cost a great deal of money, but on a rapidly rising scale. Assuming that the actual cost is closely identified with capitalization, we find that the bill reaches the respectable total of \$665,513,201. That is to say, whereas the capitalization of Canadian railways was \$1,210,297,687 (as revised) in 1910, it stood at \$1,875,810,888 in 1915. But that is not the whole cost. Aid was given in cash by the Dominion, the provinces and municipalities, to the extent of \$38,147,848.20, in addition to which the Dominion built the eastern section of the Transcontinental at a cost of \$152,802,746. These sums added together make a total of \$856,463,795 as the probable cost of railway lines built since 1910; and, to make financing easy, the federal and provincial governments have guaranteed the bonds of railway operations to the amount of \$409,869,165 during that period. These are all large and impressive figures, and the outstanding problem at this moment turns upon our ability as a nation of 8,000,000 to carry the liability involved without serious inconvenience. In the last analysis it becomes a matter of earning power. If the railways concerned in this vast capital outlay can meet fixed charges until post-bellum reconstruction has taken place, there is every probability that rising receipts thereafter will remove all ground for anxiety. Meanwhile, the western provinces are in the position of a man who has endorsed the promissory note of a friend, and sees that friend struggling to make both ends meet. To be absolutely candid, we have been just a trifle too optimistic in railway building, and have gone ahead a little faster than Scotch prudence would approve. But the world will witness other grave disasters of a monetary character before Canada, having regard to her resources, finds herself in real trouble because of the faith she has shown in respect of railways.

In 1915 railway gross earnings fell off, as compared with 1914, by \$43,240,457. This was largely because freight traffic declined during the year from 101,393,989 to 87,204,838 tons. Gross earnings, however, had been steadily on the ascendant for twenty years. In 1895 they were \$46,785,486. Ten years later they stood at