

the States through which the road is to run. The estimated cost is \$100,000,000 and all the capital has been promised by European and American capitalists of note. Most of the contracts for grading and bridges between New York and Chicago have been let, and 10,000 men will soon be at work on the line.

By this line the distance between Chicago and New York is reduced to 786 miles. This, however, is not the only advantage. It is claimed that the lighter grades on the new line will enable an engine to draw a great deal more than on existing lines. But there is surely exaggeration in the statement that the difference will be nearly three times. Rates of freight will of course be reduced. Instead of 20 cents a bushel from Chicago to New York, the usual rate for some years past, the Continental Railway Co. proposes to charge only 15c. If this promise be kept, as it is likely to be, existing trunk lines will have to consider whether they can afford to reduce their present rates by 20 per cent. If the new line be confined to the carrying of freight exclusively, it will have to sacrifice the most profitable part of a railway's work, passenger traffic. Although the first object of the Continental will be to carry freight, it is claimed that the road will be specially fitted for rapid passenger travel. But it is difficult to see how the road could serve both purposes, unless there are two sets of double tracks. With 800 freight trains continually in motion both ways, there would be no chance for rapid passenger trains. From freights alone a gross income of \$68,000,000 a year is expected; and if the earnings were equal to those of the Pennsylvania Central, between Pittsburg and Jersey City, the amount, it is said, would be \$100,000,000, equal to the whole cost of the road. Still, the estimates of railway promoters are very far from being uniformly realized. The shortening of the distance between Chicago and New York and the improvement of the grade, are two points greatly in favor of the Continental and must go far to insure its success.

This success must at first be detrimental to other and longer roads with heavier grades. In time, there will be work enough for all to do, but the short route once established, will be likely to give birth to other short lines or an extension of the facilities of the Continental on a scale practically unlimited. The most favorable lines must in the end win, in a competition which will be of the severest kind. The question whether existing trunk lines can afford to lower their rates, will soon have to be faced; for the Continental is expected to be in running order in about two years.

In Canada we are trying the somewhat perilous experiment of working against

nature, at several points. If our only object had been to reach the ocean by the nearest possible rail route, from Quebec, we should not have selected the circuitous route of the Intercolonial. There is a proposal to reach the sea at St. John by a shorter cut; but even this road must be longer than that which has its terminal point, on the Atlantic, at some port in Maine. There are many problems in railway competition, on this continent, which the future must be left to solve.

#### SOME POINTS GAINED.

The questions that arise out of the Syndicate contract are of two kinds; one having a temporary and the other a permanent interest. However people may differ about the price to be paid, the question once settled has no permanent interest beyond that of *more or less*. But it is different with tariff rates for passengers and freight, and *pro rata* charges, based on mileage, or discriminating rates against short and in favor of long distances. The energy of the Toronto Board of Trade has been rewarded by a guarantee that the traffic interchanged between the Canada Pacific and the Pacific Junction railways, shall not be subjected to discriminating rates. A Montreal journal complains that the same guarantee is not given to the North Shore Railway, as against the Canada Pacific and the Canada Central. We do not think, however, that there is any danger to be apprehended. Discrimination is never made against long, but always against short distances. The long distances are the favorites with railway companies, which naturally want to carry whatever is entrusted to them as far as they can. It is quite likely that the Canada Central will come under the same management as the Canada Pacific, for one member of the Syndicate has a large if not a controlling interest in it; but it is in the last degree improbable that the directors should desire to give exceptional advantages to the Prescott, the Brockville, or the Coteau line, to the detriment of the North Shore. In fact, a close alliance between the Canada Pacific and the North Shore will be a necessity; whether the latter become in name a link of the Pacific line or not, it must be so in reality. Whether by purchase, lease or some joint arrangement for running, or the transfer of freight, the connection must necessarily be close; because the interests are identical, not adverse. For the satisfaction of those who think the interests of the North Shore not adequately secured, there could be no objection to a guarantee that it shall not be discriminated against.

The tariff which may be sanctioned for the Canada Pacific, will be a matter of daily interest to every one concerned in the trade of the North-West. One difficulty connected with it lies in the conditions under which, once adopted, it can be altered: for it cannot be changed till the company is making ten per cent. on the capital expended. On the question, What is the measure of that capital, doubts have been expressed, and Dr. Tupper has given the assurance that it is to be only on the capital which the company will itself spend. This of course excludes what has already been expended by the Government.

Something has been said about the Syndicate foregoing its privilege of entering certain materials required for construction, free of duty. This has always appeared to us as a question of *more or less*. The freedom from duty is a part of the price of the contract, and if the price be too high, objection to the exemption is well founded; but if Parliament was right in deciding that the whole amount of compensation constitutes a fair price, there is no reason why some part of it should not be in this form. This is altogether a question of *more or less*, and is not one of permanent interest, like the tariff rates and freedom from unjust discrimination.

#### LOAN COMPANIES' MEETINGS.

The tendency, for a year or two past, has been towards a reduction in the return upon capital invested. Banks, loan companies, and corporate securities generally, have experienced this tendency, which has not been confined to this country. From seven to ten years ago, seven per cent. was safely realized by investors in the United States, but now a yield of about four per cent. is about what is got from the best properties. American railway bonds, which brought par in 1872 and yielded 7 per cent., were held at 132 in December, 1880, yielding 4.09 to the investor. Every indication, says the *Financial Chronicle*, of New York, appears to be, for the moment at least, in the direction of smaller income from investments. "Even our city real estate mortgages are eagerly taken at five per cent. and Chicago city four per cent. bonds go off in blocks at par, to be retailed out at a considerable premium." It is further pointed out that capital is now increasing faster than ever before, and that the demand for money on mortgages is feeble. When real estate becomes active and building operations generally partake of the movement, this state of things will pass away. We think we see in the new enterprises which will swallow up large amounts of capital, the way to the restor-