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Operating the Railroads of Canada

How the Percentage of Expenses to Earnings Has Varied—More Production Necessary to Create More Freight—Capital Invested in the Railroads is over a Billion Dollars—What the Fixed Charges are and the Total Available Surplus from All Sources

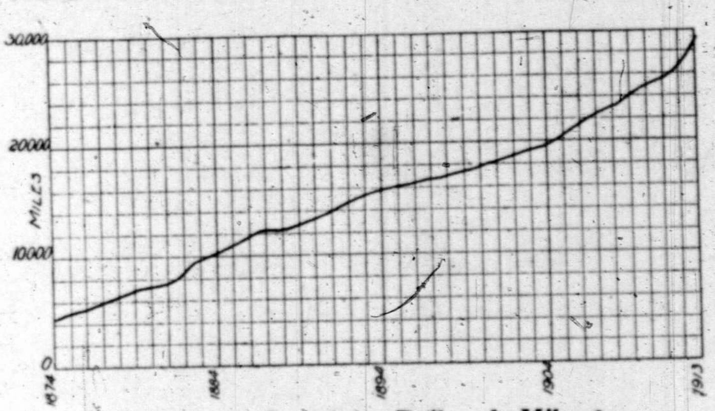
In the thirties and forties, Canada had from 16 to 66 miles of railroad in operation. Between 1851 and 1856, the mileage grew from 159 to 1,414. In the year of confederation, it was 2,278, and ten years later, or in 1877, 5,782. By 1884, it had reached 10,273 and by 1904 had nearly doubled again, 19,431 miles of track being in operation. At the end of 1913, there were 29,304 miles. An examination of the figures regarding Canadian railways, prepared by Mr. J. L. Payne, comptroller of statistics for the Dominion government, shows that every year since 1835 there had been a gradual increase in the construction of railway mileage, the figures changing from 0 in 1835 to 29,304 in 1913. Only in the early years did they remain stationary and never during later years has there been statistical indication that Canada was at the end of a period of railroad construction.

Such a period, however, is apparently close at hand. By the end of 1915, at the latest, the Grand Trunk Pacific and the Canadian Northern transcontinentals will be complete, as also most, if not all, of the Hudson Bay Railway, while the projected lines from Edmonton into the Peace River country should be well in hand. By the end of 1916, therefore, with three transcontinental railways it is fair to assert that the end of an active construction period extending practically from 1849 will have arrived. This is not a fact to create regret, but is one which should stimulate greater energy in efforts to settle the lands which are served by nearly 30,000 miles of railroad track, in order to produce more from the soil, the fisheries, the mines, the forests and the factories. What is needed is more population, more production, more freight, more exports.

The railroads and the governments of Canada have done their part to furnish transportation. Efforts must now be made to concentrate energy upon production. When the legal representatives of the railroads were deep in their arguments before the Dominion Railway Commission a few months ago, they expressed, or at least one of them did, a doubt as to whether the Canadian railroads would be able to earn dividends. As the hearing was to consider the proposed reduction of Canadian freight rates in the west, and as lawyers have a knack of using much pitch when the picture is to be painted black, the contention must not be taken too seriously. The figures then quoted are of interest, however, in that they reveal partly the extent to which we must encourage production and consequently freight.

The statement then presented showed the capital invested and to be invested to complete transcontinental lines as follows:—

Canadian Pacific Railway, $635,229,094; Grand Trunk Pacific, $175,000,000; National Transcontinental, $200,000,000; Canadian Northern Pacific Railway, 600 miles at $80,000 per mile, $48,000,000; Canadian Northern Ontario Railway, north of Lake Superior, 900 miles at $50,000 per mile, $45,000,000; additional equipment for Grand Trunk Pacific and National Transcontinental Railway, $40,000,000; additional equipment for Canadian Northern Railway, $35,000,000. These figures give a total cost of $1,178,229,094. The statement of earnings showed: Net earnings of Canadian Pacific Railway, $42,403,340; net earnings of Grand Trunk Pacific, $2,691,402; total earnings, $45,094,742, less Canadian Pacific Railway taxes of $1,382,420, giving a balance of $43,712,322. To this is added the surplus net earnings of the Canadian Northern Railway, $400,651, leaving the total net earnings available to pay interest on capital investments as $44,112,973. That the Canadian Northern Railway's surplus net earnings are only $400,651 was shown by the following statement: Canadian Northern Railway's gross earnings, 1912, $20,860,093, less operating expenses of $14,979,047, leaving a balance of $5,881,046. This, less fixed charges of $5,480,395, leaving a total available surplus from all sources of $400,651.



Growth of Canada's Railroad Mileage.