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 Toronto, March 22, 1871. 32-ly

**THE MONETARY TIMES,**  
**AND TRADE REVIEW.**

**TORONTO. CAN., FRIDAY, AUG. 11, 1871.**

**RAILWAY BUILDING IN CANADA.**

It requires but a glance at the railway statistics of the United States to learn that if we are to equal them in the matter of railway enterprise, we have much yet to accomplish. At the end of 1870, there were in that country more than fifty thousand miles of railways in operation, with a population of nearly forty millions, while we have say, 2,800 miles of railway, with four millions of people; so that the Americans had one mile of railway to every 800 inhabitants, while we have one mile only for 1,428 persons. And great as has been the awakening with us in the spirit of railway enterprise, the difference just shown tends to increase rather than diminish. Railroads are being constructed and opened for traffic in the States at the rate of not less than four thousand miles per annum, and the movement is becoming more active every year. In order, therefore, that we should keep pace with such a march of progress, we must build at least four hundred miles annually. Though we have plenty of projects under way, it is more than doubtful if we can show actual results that will reach this annual average.

American shrewdness has long since settled the question, so far as that country is concerned, that the only tangible and speedy solution of the thousand and one difficulties that impede and embarrass the settlement and development of a country

with so broad an area as the United States lies in the construction of railways to intersect their territory in all directions. They have learned to open up their prairies and forests with lines of railway, and find, once that is accomplished, no delay in filling up the intersected districts with sturdy and industrious settlers from abroad, whose business and interest it at once becomes to produce the traffic on which the lines depend for success. Thoroughly imbued with the soundness of this idea, Congress, and the different state legislatures have uniformly pursued a policy with reference to these enterprises of the most open-handed liberality. Large land grants, munificent money subsidies, and the direct guarantee of companies' bonds, are some of the different modes by which aid has been extended, to a degree that many of us would be but too ready to denounce as extravagant. Yet an experience of the fruits of this policy prolonged through a series of years has not led to its abandonment—quite the contrary. Nothing but the most princely liberality would have induced the promoters of the Pacific railway to undertake so gigantic and arduous an enterprise, and nothing else would have secured its speedy and successful completion. Congressional and state bounties stimulating the well known enterprise of American citizens, their entire domain bristles with railways completed, projected, and in all the various stages of progress.

A circumstance which is partly a result of this public bountifulness, and that tends powerfully to urge forward railway building, is that American lines are, in the main, paying properties. The Massachusetts roads earned last year 27 per cent. on their cost; those of Pennsylvania 22 per cent., and the New York lines 28 per cent. The companies of the latter state draw an average dividend on their capital stock, after paying the interest on a large amount of bonds, of nearly 6 per cent. Numerous instances could be cited of American railroads earning 50 per cent. on their cost during a twelve month. The New York Central earned in 1867 as much as 36 per cent. of its cost, and 33 per cent. of its nominal capital.

It is unfortunate for the growth of railway enterprise in Canada that some of our first and largest undertakings were constructed under most unfavorable circumstances. We had not then learned how cheaply a first class railway can be built, nor was the work placed in the hands of men who knew how to reduce the expenditure to the minimum; besides, it is notorious that at least one of the chief lines was made the victim of flagrant jobbery and favoritism. Had these roads been

built for the average cost of the United States roads, which is put at \$44,000 per mile, the case would have been widely different to-day. On that basis the Grand Trunk would have cost but two-thirds of the sum expended on it, and earned last year a sum that would have been equal to 12½ per cent. on its cost, a low rate, but owing, of course, to the ruinously long stretch of non-paying line it is compelled to work; similarly, the Great Western would have earned 27 per cent., and the Northern nearly 18 per cent.

It may with all confidence be assumed that the lines now being constructed will show much smaller construction and capital accounts in proportion than these earlier lines, more careful regard being had to the relations between cost and profit. Unless gross mismanagement should creep in, which is next to impossible, as these new lines are nearly all being floated with Canadian capital and resources, and will in consequence be scrupulously watched, the return from them will bear a better ratio to the money expended; and the experience thus reaped will tempt further investments in the same direction.

It is satisfactory to know that our leading lines are managed economically. The expenses of the New York railroads last year averaged 67.42 per cent. of the total earnings, and the average of all the American lines, excluding the cost of repairs, was very slightly lower. The ordinary working expenses of the Grand Trunk were last year 65½ per cent. of the gross receipts (this was increased nearly 15 per cent. by heavy charges for repairs and renewals), those of the Great Western were 58.86; those of the Northern 58.08. Railroads should be built as cheaply in Canada, and notwithstanding serious drawbacks growing out of the character of the climate, are operated as cheaply as in the United States. Labour and materials of nearly every kind are lower, taxes are much lower, fuel is about the same price; on the other hand paying traffic is not so abundant, owing to the undeveloped condition of large districts of this country, and with an insufficient traffic it is impossible to keep the percentage of expenses as low as if the traffic were equal to the entire capacity of the roads.

The construction of the Canadian Pacific should work a radical change in the results of our railway operations. It will open up a large interior district of fertile country which can support an import and export traffic immensely exceeding in volume anything in the past history of our trade. It will give a supply of through freight and travel to all our leading lines which must largely increase their earnings and enhance their profits.