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The Monetary Times

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PRINCIPAL CONTENTS OF THIS ISSUE.

OUR RAILROADS THE LOWEST CAPITALIZED.

The discussion regarding proposed increases in railroad rates brings several authorities into contradiction. The Bureau of Railway News and Statistics in the United States is issuing a series of pamphlets depicting the prominent financial features of the railways during a given period, and comparing the conditions now with those when the rates were standardized. The Bureau, for instance, disagrees with the statement of the Interstate Commerce Commission, which said that, notwithstanding the increased cost of operation, the net income of the railways for 1907 had increased 345 per cent. over 1897.

In order to provide efficient transportation service, experience has proved to the railways that the expenditure for maintenance of roadways, etc., increases at the average rate of over 8 per cent. annually.

Another factor in the increased expenditure was the increased wages, and upon that subject the leaflet makes the following statement:—

The raise in the scale of wages of railway employees in 1906-07, adding $130,000,000 to the annual pay roll, without any corresponding increase in the efficiency of railway labor, reinforced by pending advances all along the line of railway employment which will aggregate some $70,000,000 more in wages annually, is a most potent factor in the operation of railways that makes an advance in freight rates necessary. This $200,000,000 is a first lien on whatever income the railways receive for carrying passengers and freight. It takes precedence of taxes, interest and dividends. The railways cannot avoid paying it by shutting down or going on half-time, as other industries may, rather than meet the accumulating demands of labor.

It is contended by the railway companies that these rates have never seriously been considered as unreasonable. During the last twenty years they had become more and more costly, so that any slight advance now could not be considered unreasonable. To-day, the rates were not within 50 per cent. of being as large a proportion of the value of the traffic carried as they were twenty years ago.

That the railways of the United States are the lowest capitalized in the world is the statement in the Railway Bureau's leaflet, with which The Monetary Times must disagree. The outstanding capitalization is given at $57,201, and the following comparison is made with other countries:—

Country.	Capitalization per mile.
Great Britain	$275,040
Belgium	169,806
France	139,390
Italy	124,730
Austria	112,879
Germany	109,788
United States	57,201

In analyzing the statistics respecting Canadian railroads, we find that the capitalization is $55,638 per mile, which thus gives Canada the credit of possessing the lowest capitalized railroads in the world. The capital obligation arising out of Canadian railroad stock and bond issues, totalling last year $1,308,481,416, amounts to $54,285 per mile of line. But that result is somewhat misleading, since, before such a calculation can properly be made, certain facts have to be taken into account. For example, the above total of $1,308,481,416 includes the stock and bond liability of the Grand Trunk Pacific,