was sold in Canada, 8 per cent. in the United States and 63.58 per cent. in Great Britain. Last year's experience should be taken as a lesson by our municipalities. Many of them, although receiving reasonable bids for their bonds, preferred to speculate with them, or to hope that matters would improve. They did not improve, the market declined, and they had either to sell or to make temporary arrangements. It has yet to be proved that the advice given by any of our banks, or reputable bond houses to civic authorities was incorrect. Indeed, experience has shown that had such advice been accepted when given, a large number of cities throughout the country would have had their debentures sold and at prices which perhaps they will be unable to obtain this year.

KNIGHTLY FINANCE

Parliament heard this week debates which indicated that politics and high finance are dangerous companions, first, because high finance in itself is objectionable, and secondly, because an Opposition is always looking for trouble. A perusal of the debates will enlighten the investor, and especially the French investor, in Canadian securities. Mr. Lemieux precipitated matters by asking for the production of papers in connection with La Banque Internationale and other Forget enterprises. These papers will be brought down by the government, and Mr. Lemieux predicts that if the investigation he wants is granted, "the revelations will stagger the Dominion." The ex-Postmaster-General is somewhat given to superlative speech, and the staggering, therefore, is not likely to be very pronounced.

As is usual at Ottawa, the discussion took the form of a fierce party argument. The Liberals said that when they ran the Treasury Board they had refused a certificate to La Banque Internationale. The Conservatives replied that the Treasury Board of the late government had not refused, but had only postponed consideration of the application during its official existence. The documents brought down will, we think, prove Mr. White, Minister of Finance, correct in that statement. The Treasury Board undoubtedly saw that all the requirements of the Bank Act had been properly fulfilled, and that nothing was in the possession of the Treasury Board to justify them refusing the certificate to Sir Rodolphe Forget and his associates. The Liberal Treasury Board may have worked, too, on the assumption that it was poor policy to shoulder any doubts when they could be loaded on to an incoming Board of a different political complexion.

Mr. Lemieux discussed the Quebec Railway, Light, Heat and Power Company, the Quebec and Saguenay Railway, the Quebec and Eastern Railway and La Banque Internationale. With heavy blows he pounded the Forget financial fabric till it looked like pulp. It was not to be expected that Sir Rodolphe Forget would remain quietly in Montreal reading Judge Leet's decision or some other work of interest. As soon as possible he appeared in the House at Ottawa and for over an hour spoke on a question of privilege. Sir Rodolphe, who probably has a fine sense of discrimination, thought that the name of Canada had been besmirched by the Liberal organization in Quebec Province rather than by his financial operations. He explained the payment of the much-discussed bank note of $200,000, and considered the transaction absolutely legal.

Neither the accusations nor the reply make edifying reading. They cannot be considered as helping the cause of foreign investments in Canada. The government can scarcely be blamed for Forget misfortunes, although it would be unfortunate if political mist had dimmed their eyes. But even though the Banque Internationale certificate was granted after all conditions of the Bank Act were complied with, the publicity respecting the D'Aoust note of $200,000 and regarding Forget enterprises generally, and the dissatisfaction of many of their shareholders will make it difficult for Sir Rodolphe to pose in future as an eminent financier or banker. We would have thought, too, that he is too busy a man to act as a member of the parliamentary banking and commerce committee, as he is doing, helping to shape the banking and financial legislation of this country.

LIABILITY OF CANADIAN RAILWAYS

During the year ended June 30th, 1912, $21,251,664 was added to the stock liability of Canadian railways and $38,996,661 on account of funded debt, representing a total addition of $60,248,325. That increase over the figures of 1911 brought the total capital liability of Canadian railroads up to $1,588,937,526. These figures in themselves are of interest, but more so because considerable railroad construction has yet to be undertaken in the Dominion. The railroad stocks last year totalled $770,459,351 and the funded debt $818,478,175, so that stocks and bonds are about equally divided. It is interesting also to examine the division of the funded debt. This is set forth in the excellent volume of railway statistics compiled by Mr. J. L. Payne, Comptroller of Statistics of the Department of Railways and Canals, at Ottawa. The figures are as follow:—

Funded debt.	1912.
Bonds	$772,532,108
Miscellaneous obligations	12,608,718
Income bonds	17,119,466
Equipment trust obligations	16,217,883
	$818,478,175

The constant call of the Canadian roads for new equipment is reflected in the equipment trust obligations for the past few years. The amount for 1910, 1911 and 1912 exceeded $42,000,000. The Grand Trunk Railway for the first time adopted this form of financing last year.

Mr. Payne calculates the capitalization per mile of our railways. If the total capital liability of $1,588,937,526, as given above, be divided, he says, by the 26,727 miles of operating line shown on a preceding page, the result would be $59,454 per mile of line. It would be quite misleading, however, to make such a calculation. Neither the divisor nor the dividend is correct. The mileage, for example, includes Government owned and operated lines, to which no capital liability attaches. On the other hand, the capital figures embrace the liability of unfinished lines, such as the Grand Trunk Pacific, which do not appear in the mileage column. The deductions under this head amount to $134,321,020. Then there is considerable duplication. It has not been practicable to ascertain the exact amount thereof, created chiefly by the issue of stocks and bonds for the purchase or control of smaller roads by the larger, but it is known to be not less than $210,000,000. Joining these two sums, and subtracting the total from the $1,588,937,526 already indicated, the remainder is $1,244,616,506. For immediate statistical purposes that might be regarded as the proper capital liability of Canadian railways.

The elimination of Government owned lines, and such other lines as should not figure in the mileage column, reduces the total to 24,485. Using these factors, it will be seen that the capital liability of railways in Canada amounts to $50,832 per mile. This is a relatively low figure.

The net capitalization per mile of line in other countries is as follows:—

Country.	Net capital per mile.
United States	$ 59,345
United Kingdom	275,166
France	94,933
Germany	111,737