Published Every Friday
by
The Monetary Times
Printing Company
of Canada, Limited

Publishers also of
"The Canadian Engineer"

Monetary Times
Trade Review and Insurance Chronicle
of Canada

Established 1867 —— Old as Confederation

JAS. J. SALMOND
Managing Director

FRED. W. FIELD
Managing Editor

A. E. JENNINGS
Advertising Manager

Bonds and Stocks of Canada's Railroads

CAPITALIZATION *of Canadian Railways is $1,808,820,000, an Increase of $276,990,000 in a year—Capital Liability Per Mile—Relationship of Dividends and Net Earnings to Share Capital*

THE capitalization of Canadian railways actually and officially in operation stood at $1,808,820,761 on June 30th, 1914. This compares with $1,531,830,692 in 1913, an increase of $276,990,069. These figures appear in the railway statistics of Canada just issued by the department of railways and canals, Ottawa, and compiled by Mr. J. L. Payne, statistician of the department.

The total for 1914 was made up of the following items:—

Stocks	$ 853,110,653
Debenture stock	173,307,470
Funded debt	782,402,638
Total	$1,808,820,761

There was for the year an increase of $107,844,383 in stocks of both classes, and of $169,145,686 in bonds.

Funded debt was distributed as follows:

Bonds	$711,742,135
Miscellaneous obligations	18,628,252
Income bonds	27,022,751
Equipment trust obligations	25,009,500
Total	$782,402,638

In addition to the capitalization of railways in operation on June 30, 1914, the following liability attached to lines officially regarded as being under construction:—

Stocks	$ 64,637,500
Funded debt	88,669,809
Total	$153,307,309

Combining the capitalization of operating railways and railways under construction, following is the result:—

Stocks	$ 917,748,153
Consolidated debenture stock	173,307,470
Funded debt	871,072,447
Total	$1,962,128,070

There has been a careful revision of the capital statement of railways, as a result of which all dead issues of either stocks or bonds, as well as duplication of liability, have been eliminated.

It has long been a popular thing to measure the capital liability of railways by mileage, and there is no particular objection to such a course, so long as undue significance is not attached to the result. The value of comparisons made on such a basis must always turn upon actual conditions. So far as Canada is concerned, the mileage standard of measurement can only be properly applied to a special statement of facts. It would not do, for example, to use the operative mileage as the divisor of liability, since there is a very considerable mileage—as, for example, that of government-owned lines—for which neither stocks nor bonds have been issued. On the other hand, both the mileage and funded debt of the Grand Trunk Pacific must be omitted from the calculation, since a considerable portion of that system is still in the construction stage. Having regard to these conditions, the situation is properly presented as follows:—

Stocks.	1913.	1914.
Dividend paying	$421,072,361	$492,580,812
Non-dividend	308,302,155	360,529,841
Amount of dividends	27,333,373	30,434,601
Per cent. on dividend paying	6.45	6.17
Per cent. on all stocks	3.72	3.56
Per mile of line	28,771	30,138
Funded debt		
Total outstanding	$477,830,834	$617,561,386
Per mile of operating line affected	18,209	23,481
Consolidated debenture stock.		
Amount outstanding (C.P.R.)	$163,257,224	$173,307,470
Interest	6,337,188	6,809,520
Per mile of line affected	14,187	14,503

Consolidating the foregoing items, we have the following result with respect to capitalization per mile of line in 1914:—

	Per mile.
All stocks	$30,138
Funded debt of lines affected	23,481
Debenture stock (C.P.R.)	14,305

These amounts must not be added together. The actual liability is the funded debt, and that amounted in 1914 to $23,481 per mile of the lines concerned. Stocks are not a liability. They do not constitute a lien on physical property. The consolidated debenture stock of the Canadian Pacific Railway provides security merely