

ARTICLE V.—CANADIAN RAILWAYS.

The returns for 1895 are about as poor as could be selected, and those just handed down for 1896 show a slight improvement, but this may be due to temporary retrenchments, which have to be made up for sooner or later, such as track and car economies, by letting the condition run down slightly. The net earnings of Canadian railways of \$873 per mile give net receipts of \$14,035,820, but the interest on bonded debts, and estimated amount of loans, etc., amounts to \$17,168,000* (approx.), or a net loss of over \$3,130,000, and nothing with which to pay interest on the \$167,000,000 that the various Governments have given either in the form of an investment in Government railways or as bonuses, and nothing with which to pay dividends on stock. This does not look encouraging; competition and popular clamor keep rates down to the lowest possible notch, and so long as our traffic is small it seems certain that, considering the severe climatic conditions under which our roads are operated, and the evident economy of management (70 per cent. of gross receipts as compared with 67½ for U.S.A.), the present rates must be fully maintained, if not raised. The stock of Canadian railways is not all real, but estimating that one-half is real and one-half water, we have \$180,000,000 invested bearing no interest, besides the \$167,000,000 which the people of the country have sunk in them in order to have sufficient railway accommodation. Even neglecting interest on all loans, floating debt, etc., there is still a deficit on bond interest of \$1,252,000, which is met year by year by issues of more bonds and stock, or by creating floating debts which are periodically so converted; we go on year by year mortgaging futurity. It is hoped that in a few more years increased traffic will enable the bond interest to be fully met, and in this the increased solidity of permanent way will greatly aid. The average cost per train mile is very low (80½c.), considering our high price of coal, severe climate, rather inferior road beds, small number of trains per day, and good wages paid; it reflects great credit on Canadian management as a whole.

Let us now analyze Canadian workings by dividing the roads into four groups. (See Table IV).

(1) *Canadian Pacific Railway System.*—This road shows a low bonded debt, moderate stock, and high Government aid per mile (much of this latter, however, being tied up yet as land grant); on this account, and because it can charge higher rates in the west, it is enabled to keep its net earnings large enough to pay bond interest, and on prosperous years has considerable left over to pay dividends on stock. If dividends were declared in 1895, they were drawn quite justifiably from the surplus; but on the whole, the C.P. Railway by a very efficient management, high train-mile earnings (\$1.45), and low first cost, is by far the most prosperous of Canadian railways, in spite of such low gross earnings as less than \$3,000 per mile. The future increase of traffic in the North-West will enable it to lower its rates and still make a profit; but for the present, it is hardly clear how this can be done. The C. P. Railway also has the advantage of new equipment which does not need such heavy repairs. It is gradually improving its road-bed by the construction of masonry and steel in place of wooden structures.

* This is based on the assumption in Table II. that the interest on loans, floating debts, etc., is 5 per cent.; probably a large proportion of it bears no interest.

TABLE IV.—ANALYSIS OF WORKINGS OF CANADIAN RAILWAYS FOR 1895

Miles	CANADIAN PACIFIC RAILWAY SYSTEM.				GRAND TRUNK RAILWAY SYSTEM.				Dominion Government Railways.		Remaining Railways of Canada.			
	Main Line.		Branches.		Main Line		Branches.		Total.	Per mile.	Total.	Per mile.		
	Total.	Per mile.	Total.	Per mile.	Total.	Per mile.	Total.	Per mile.	Total.	Per mile.	Total.	Per mile.		
Capitalization—	3,575		3,709		884		2,920		3,164		1,368		5,261	
Bonds	\$98,925,000	\$27,700	\$47,027,000	\$17,300	\$ 75,848,000	\$ 85,100	\$33,643,000	\$14,800	\$108,832,000	\$34,400			\$75,944,000	\$14,400
Preferred stock	6,484,000	1,800	3,595,000	1,300	89,844,000	1,095,900	2,556,000	1,100	91,800,000	25,000			3,871,000	13,700
Common stock	60,000,000	19,900	12,410,000	4,600	109,383,000	193,700	50,000		109,433,000	34,800			68,926,000	13,700
Loans and floating, etc.	1,948,000	700	3,445,000	1,300	15,143,000	17,100	76,000		15,219,000	4,800			1,014,000	3,300
Bonus and Government aid	58,996,000	16,500	17,451,000	6,400	76,451,000	12,200	10,301,000	4,500	10,301,000	3,300			22,012,000	4,100
Total	\$231,281,020	\$64,700	\$83,921,070	\$30,900	\$289,013,000	\$326,800	\$46,632,007	\$20,400	\$335,645,007	\$106,100			\$187,167,000	\$35,600
Interest on bonds	4,122,000		2,285,000		3,355,000		1,535,000		4,890,000				3,981,000	
Interest on loans and floating, etc.	97,000		173,000		767,000		4,000		781,000				881,000	
Apparent total fixed charge	\$4,219,000	\$1,180	\$2,458,000	\$900	\$4,122,000	\$1,690	\$1,539,000	\$680	\$5,683,000	\$1,880			\$4,860,000	\$910
Gross earnings	17,962,000	5,300	17,962,000	5,300	18,091,000	5,090	10,091,000	3,680	18,091,000	5,680			9,642,000	1,630
Working expenses	11,817,000	3,500	11,817,000	3,500	11,094,000	3,310	7,170,000	2,380	11,094,000	3,510			7,168,000	1,370
Net earnings	+\$6,645,000	\$1,060	+\$6,645,000	\$1,060	+\$7,097,000	\$2,380	+\$2,912,000	\$1,000	+\$7,097,000	\$2,380			+\$2,474,000	\$460
Per cent. of working expenses to gross earnings	63		63		63		63		63				74	
Apparent net income	—32,000		—32,000		—32,000		—32,000		—32,000				—2,336,000	
Train mileage	12,319,600		12,319,600		15,381,600		15,381,600		15,381,600				8,732,000	
Average trains per day	23		23		23		23		23				23	
Earnings per train mile	\$1.45		\$1.45		\$1.02		\$1.02		\$1.02				\$1.10	
Cost of train mile	80½c.		80½c.		80½c.		80½c.		80½c.				82c.	
Operating expenses—														
Maintenance	151		151		151		151		151				95	
Working and repair of engines	19		19		19		19		19				36	
Working and repair of cars	4		4		4		4		4				14	
General expenses	63		63		63		63		63				28	