COST OF CANADIAN RAILWAY CONSTRUCTION

MOST RECENT COMPILATION OF FIGURES FROM CONSTRUCTION ACCOUNTS OF CANADIAN RAILWAYS, GIVING DETAILED AND ORIGINAL STATISTICS FOR THE YEARS 1906-1913.

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THE construction account of Canadian railways during the past decade runs into amazing figures. I cannot, however, go into details for the years prior to 1907, in which year an entirely new system of statistics was made effective, and must, therefore, content myself in this relation to deal with the facts since 1906. For that seven-year period, from 1907 to 1913, inclusive, there was an addition to capitalization of $465,949,063, or an average of $66,564,152 per annum. Cash aid by the Dominion, the provinces and municipalities amounted to $49,171,811 during the same term, or at the rate of $7,024,544 per year. Joining these two items of capitalization and aid, we have a total for seven years of $515,120,874, which would be equal to an average of $73,588,695 per annum. It might fairly be assumed that this large total represented the outlay, dollar for dollar, on construction. The increased capitalization includes $193,000,000 of stocks, which ordinarily would yield little or nothing in cash; but, in this instance, all but $65,000,000 of the aggregate has been made up of Canadian Pacific issues, which were sold at a substantial premium. It might, therefore, be taken for granted that the actual expenditure did not fall far short of the liability.

On the assumption that construction cost is fairly represented in the growth of capital liability, plus cash aid, two or three interesting facts are disclosed by analysis. During the seven years immediately under review, 7,951 miles were added to operative mileage in the Dominion. Of course, all the capitalization in question did not produce railway mileage in actual operation in 1913. Liability must necessarily precede the handling of traffic. On the other hand, there was undoubtedly more than $100,000,000 worth of bonds outstanding which had not been brought into the account; so that operative mileage left out might be regarded as balancing liability omitted. On that basis of calculation, since 1906 capitalization equalled $58,410 per mile per annum, and cash aid $6,183 per mile per annum. Such averages clearly show that (1), on the whole, we have been building railways up to a good standard, and (2) that public aid has been extended in generous measure. It is not straining the truth to say that no other country has been making such great sacrifices to provide itself with transportation facilities.

The cash aid of something like $5 per family per annum during the past seven years is only part of the story. Within a little over ten years the Canadian people has made itself liable for principal and interest in connection with guarantees of bonds aggregating $320,000,000, including the liability of $45,000,000 on account of the Canadian Northern, voted by Parliament in May last. This would bring the total of aid in cash and guarantees up to not less than $25 per family per annum during the past decade. It may demonstrate a splendid faith, or, in another aspect, it may merely reflect a sense of urgent need. No matter in what light it may be regarded, the liability, direct and indirect, is a matter of serious importance. The Canadian Northern has received a large proportion of the aid, both in cash and guarantees; and that system will unavoidably have a considerable unproductive mileage for some years to come. That is to say, the construction work it has had under way, and is about to undertake, lies very largely in those portions of the north-west which have not hitherto been served by railways; and it is a railway axiom that pioneer mileage does well if it earns operating expenses for the first three years. Nevertheless, the rapid settlement of the western provinces may create traffic quite sufficient to provide for the large fixed charges of the Canadian Northern system when it has been completed and placed on an operating basis.

The construction of the Moncton-Winnipeg section of the Grand Trunk Pacific should also be taken into the account of public aid to railways. The expenditure by Government on this work has already reached $150,000,000, and the Minister of Finance has stated in Parliament that the final cost will be $235,000,000, including interest on capital outlay up to such time as the agreement with the company which is to take it over becomes effective. This would bring the public contribution up to a little over $34 per family per annum during the past ten years, with more to come. The cost of the Transcontinental has been placed at $100,000 per mile, and this fact should carry with it the assurance that Government has built 1,805 miles of line up to a standard not hitherto attempted in Canada. Whether or not Government was setting a pattern, it is obvious that the days of cheap and more or less makeshift railway construction have passed. A low-grade railway may have been defensible in earlier times. It was a case of that kind of construction or nothing. But in these days it is recognized as sheer waste to follow such methods. Experience has amply demonstrated that it is true economy to build on sound lines and with a view to future needs.

If, however, Canada has added on a large scale to her capital liability on railway account during the past seven years, it is clear that the next seven years, barring some extraordinary disturbance in the financial situation, will establish new records in both expenditure and additional mileage. This prediction is not based on mere optimism. It rests on facts. Just a year ago there were in the Dominion 18,648 miles of line in various stages of construction. That was more than the entire operative mileage of the country in 1901. Of these 18,648 miles reported as being "under construction," nearly 9,000 miles were actually under contract. About 3,500 miles were completed, and 6,560 miles had not passed the survey stage. These are big figures. While this vast work was scattered all the way between the two oceans, more than 70 per cent. of it was located west of Ontario. At this moment it cannot be said how many miles were moved into the operating column during the past year; but for every mile completed, it is probable the construc-