

London finance houses have re-considered their decision to bring out no new Canadian issues for some months. Several new issues are said to be on the way, and one has appeared this week. It must be confessed that a 5 p.c. Bank rate and a 4½ p.c. market rate for money in London are not exactly favourable features from the point of view of these Canadian borrowers.

THE GOVERNMENT RAILWAYS.

The annual report on the Government Railways, contained in the blue book of the Department of Railways and Canals for the fiscal year which ended on the 31st March, 1910, contains the first report of the Government Railways Managing Board. This Board, which now consists of Mr. A. W. Campbell, Deputy Minister of the Department of Railways and Canals (chairman), Mr. David Pottinger, Mr. E. Tiffin (general traffic manager, I.C.R.), and Mr. F. P. Brady (general superintendent, I.C.R.), was constituted, it will be within recollection, on April 20, 1909, the three railways under their control being the Intercolonial, the Windsor branch railway and the Prince Edward Island Railway.

The financial results achieved by this new management in the case of the Intercolonial Railway—by far, of course, the most important of their charges—are set out in the following table, which compares the gross receipts and working expenses of 1909-10 with 1908-9.

GROSS RECEIPTS.			
	1909-10.	1908-9	
	\$	\$	\$
Passengers...	2,765,884.66	2,628,218.57	+ 137,666.09
Freight...	6,048,884.18	5,502,550.58	+ 546,333.60
Mail and Express...	408,847.66	350,478.58	+ 58,369.08
Miscellaneous....	44,618.49	45,821.73	- 1,203.24
	9,268,234.99	8,527,069.46	741,165.53
WORKING EXPENSES.			
	1909-10.	1908-9.	
	\$	\$	\$
Maintenance of Way and Structure....	1,622,279.75	1,771,396.73	-149,116.98
Maintenance of Equipment...	1,851,792.68	2,096,491.97	-244,699.29
Traffic Expenses....	179,882.61	186,749.69	- 6,867.08
Transportation Expenses....	4,784,667.76	5,046,086.32	-261,418.56
General Expenses...	206,447.53	227,296.84	- 20,849.31
	8,645,070.33	9,328,021.55	-682,951.22
Balance.....	+ 623,164.66	-800,952.09	
Ratio of expenses to receipts...	93.27	109.39	- 16.12

There was an increase in gross traffics, it will be seen, in 1909-10 over the previous year of \$741,165. This was a normal development. It would have been strange indeed had the Government road not shared in the increased activity which prevailed throughout the Dominion last year, in comparison with 1908. To that extent the improvement is

entirely natural and need not be attributed to the merits of the new system of operation. With working expenses the case is different. The increased traffic of \$9,268,234 has been handled at a cost of \$8,645,070 or \$682,951 less than the cost of handling the lesser traffic of 1908. The net result of the year's operations in comparison with the result of 1908 is, therefore, that on increased traffics of \$741,165 a deficit of \$800,952 has been turned into a "balance" of \$623,164. And this result has not been achieved by a policy of "starving" the line. The Maintenance Engineer reports his opinion that the track has never been in better condition than now and the Superintendent of Motive Power states that the general condition of the rolling stock is good with the exception of some cars and locomotives which have been condemned. It seems clear, therefore, that the new management has at least made a start in putting the Intercolonial house in order; and on the results shown their first annual report may well be accepted as an earnest of better things to come.

The hopeless financial condition of the Intercolonial, when judged even by the most lenient standard applied to a commercial enterprise of a similar character, is a familiar enough subject, but the present position is worth consideration, for the avoiding of inflated ideas as to what has been already accomplished under the new *régime* and for the proper realisation of the magnitude of the task which lies before the Managing Board. The total capital cost of the Intercolonial line to the 31st March, 1910, has been \$92,273,073. Nearly 11 millions of this capital was expended prior to Confederation, and the remainder during every year since, including \$1,278,409 last year. In calculating the interest charges upon this capital outlay it has to be borne in mind that the Dominion could not always borrow so cheaply as now. On the conservative basis of an average rate of 3½ per cent. the annual interest charges amount to nearly three and a quarter millions of dollars. And, to offset this, we have in 1909-10—comparatively a good year—a balance of gross receipts over working expenses of \$623,164.

It is clear, also, that though a start was made last year in the reduction of expenses, much has to be done in this direction before the road will have been put upon anything like a reasonable footing. Expenses last year were in the ratio to gross receipts of 93.27; the Canadian Pacific's for the year ending June last, were 64.38 per cent. and the Grand Trunk's 73.94. And we are not aware that the Intercolonial has a more difficult field to operate in than either the Canadian Pacific or the Grand Trunk.