

If the aggregate capital cost of \$1,564,640,044 be taken as the dividend (less \$49,630,445 credited to the Grand Trunk Pacific, for which no completed mileage was returned up to June 30, 1908) and the total mileage of 22,966 as the divisor, the result will be \$65,968. All things considered, this, the Comptroller thinks, should be regarded as the true average capital cost per mile of railways in Canada apart from land subsidies.

All the government roads figure at a smaller cost per mile. The Intercolonial, for instance, averages \$60,355 per mile; the Temiskaming and Northern Ontario, \$58,411; the New Brunswick Coal and Railway, \$33,454; and the Prince Edward Island Railway, \$28,830. These figures include equipment. In making comparisons it must be remembered that the stock and bond issues in the case of other railways do not necessarily represent the actual cost of construction and equipment. The Comptroller explains that an exaggerated value may be given to statistics with respect to the capital liability of railways. Such figures must never, for example, be taken as representing the actual cost of lines, as has been said. The real cost is one thing, and the stock and bond issue is another. Stocks and bonds may be sold at a premium or at a discount. In either case the liability remains the same. A share of stock, the par value of which is \$100, may only realize \$50 toward paying the actual cost of construction and equipment; but it will stand as a liability of \$100 against the road until paid or wiped out by some other process.

"The stock and bond issue given above at \$1,239,295,013 is not," he adds, "an accurate statement of outstanding liability on June 30th last. It is rather a statement of the liability in that regard which has existed and still exists. Some of it is no longer a legal liability at all, and the time is near at hand when a revision of our statistics in this respect will be necessary. It will probably be undertaken during the current year. Yet the present situation from the statistical standpoint is quite unavoidable, as can readily be demonstrated. The fundamental cause of the difficulty is found in the changes of ownership which have taken place. In some instances railways have become insolvent, the property has been sold by foreclosure, the stock and bond issues have been cancelled, and the new owners have set up an entirely fresh capital liability. In other cases, roads have been absorbed by amalgamation or purchase into larger systems. On the parent company in any one of these instances there may have rested a capital liability of, say, \$1,000,000. As the result of the foreclosure, sale or amalgamation, this liability has disappeared altogether, or been reduced to some nominal sum. In any event it appears in another form. The commercial aspect of such cases presents no difficulty whatever; but from the statistical point of view the matter is perplexing."

When one endeavors to estimate accurately the money invested in Canadian railways, difficulties are numerous. Until recently the statistics gathered officially have not been sufficiently complete and the tangle of financing respecting each road has not as yet been straightened so that a fair estimate may be made regarding capital liability. An illustration has been given. A. buys a house at a sheriff's sale for \$5,000. The original owner (B.) has built it for \$12,000. In determining the cost for record purposes it then becomes a question which figures should be used. A. has invested five thousand in the house and B. twelve thousand. If the latter figure only is set down, A.'s five thousand has not been reckoned. If both are recorded, the cost is improperly exaggerated. To overcome the difficulty to some extent, so far as Canada's railroads are concerned, an expert has been engaged by the Department to analyze the capital statement of the various Canadian roads. The extinct stock and bond issues will be separated from those which are alive, and this will be done in such a way as to preserve for purely statistical and historical purposes the facts relating to the account as a whole.

The Canadian Pacific and the Grand Trunk stock issues which have recently caused so much discussion will help to make the next report still more interesting.

Three points in connection with the latest report deserve special attention. The volume contains Canadian railroad statistics for the year ended June, 1908. It is, therefore, unusually up-to-date, and is consequently a shining example in blue book realms. The scope of the volume has been considerably enlarged, the work of reorganization of statistical gathering primarily was borne by the Department, although the co-operation of the railway companies contributed greatly to success. The details given in the two hundred and more pages are far more complete than hitherto has been the case, and the engagement of an expert, as noted above, proves that the department knows the end of the tether of progressiveness has not been reached.

### CANADA AND THE SMALL INVESTOR.

Several readers have asked what proportion of the recent Dominion Government \$30,000,000 loan in London was taken by the small investor. The Bank of Montreal, to whom considerable credit is due respecting the flotation, has kindly given the Monetary Times some interesting details. As will be remembered, the loan was an experiment in a new sphere. It was an attempt to whet the appetite of the British investor desiring a small bond backed by substantial security. Forty-one per cent. of the total was taken up by bona fide investors. The issue price was 99¼, and, being so near the true market value, the speculator, who saw that the chances of profit-making were remote, was shut out. The response from small applicants was not large, but it was up to the expectations of the Dominion Government and the Bank of Montreal. That the best of results would be achieved instantly was not anticipated. The education of the small investor in this matter will take some time. A sufficient quantity of the bonds at small denominations have been created so that the opportunity will remain open. The actual figures relating to applications under one hundred pounds are as follow:—

| Bonds.    | Applications. | Aggregate. |
|-----------|---------------|------------|
| £10 ..... | 126           | £1,260     |
| 20 .....  | 153           | 3,060      |
| 30 .....  | 62            | 1,860      |
| 40 .....  | 28            | 1,120      |
| 50 .....  | 215           | 10,750     |
| 60 .....  | 8             | 480        |
| 70 .....  | 5             | 350        |
| 80 .....  | 6             | 480        |
|           |               | £19,360    |

The Government has good reason to be satisfied with the result of the flotation. The loan is holding its own in the London market, and the value of the issue from an educative viewpoint cannot be too much emphasized.

### FOR THE STOCK EXCHANGE.

The other day someone sprinkled pepper on the floor of the Toronto Standard Stock and Mining Exchange. And buying and selling was badly mixed with sneezing. Usually the stock exchange is taken with a grain of salt and a bushel of vituperation. With a headpiece in Wall Street and a string of followers the exchange is considered by some a black stain upon the pages of finance. A Detroit paper the other day characterized the New York Stock Exchange as the greatest and crookedest gambling house in the world. Which leads one to wonder whether any person ever said a good word for Wall Street and other floors.

The investigation now proceeding there regarding men and methods, and slumps, fakirs and others has been