## CONSOLIDATE OUR RAILWAYS

### Leave the C.P.R. as It is and Form New Private Corporation, Suggests W. F. Tye

That Canada has sufficient railway mileage and traffic for two good transcontinental systems, the Canadian Pacific Railway and another, but not enough for three, is the statement of Mr. W. F. Tye, C.E., a well-known civil engineer, of Montreal. In an instructive address to the Canadian Society of Civil Engineers in that city recently, Mr. Tye suggested a consolidation of the Grand Trunk, the Grand Trunk Pacific, Transcontinental and Canadian Northern railways, would give a well-balanced system. Here are his conclusions:—

1. The National Transcontinental, the Grand Trunk Pacific and the Canadian Northern railways are unable to earn their operating expenses and their fixed charges. Canada has built, and is operating, the first of these roads, and Canada and the various provinces have guaranteed the principal and interest of most of the bonds of the other two. As the roads are unable to earn their fixed charges, they must, of necessity, be paid by the country.

**Duplication of Lines.**

2. The failure of these roads is due to the duplication of lines by all the railways, encouraged and bonused by the government; to the excessive cost of the Grand Trunk Pacific and National Transcontinental railways; to the failure of the Grand Trunk Pacific to provide itself with an adequate system of feeders in the west, and to the construction, by the Canadian Northern, of the long and unproductive stretches of road across British Columbia and Northern Ontario, without feeders, terminals, etc.

3. If the Canadian Northern, the Grand Trunk Pacific and National Transcontinental be maintained in two separate systems, it will cost at least $400,000,000 to build the necessary branch line feeders and terminals, to provide them with adequate rolling stock, and put them in proper physical condition to compete with the Canadian Pacific.

4. It will be necessary that the Grand Trunk Pacific build five to six thousand miles of feeders in the west.

5. It will be necessary that the Canadian Northern build two to three thousand miles of feeders in the east, and terminals costing many millions in Montreal, Toronto, Ottawa, Quebec and Vancouver.

**For Years to Come.**

6. Canada has already sufficient railway mileage for years to come. The additional mileage necessary for these roads could only be had by duplicating existing lines. Such duplication of lines would only add to the burden to be borne by Canada in the way of subsidies, guarantees, etc., without doing the country any good.

7. Canada has sufficient railway mileage and traffic for two good transcontinental systems—the Canadian Pacific and another—but not enough for three.

8. A consolidation of the Grand Trunk, the Grand Trunk Pacific, Transcontinental and Canadian Northern railways would give a well-balanced system. The Grand Trunk has an excellent system in the east, with terminals in all large and important centres; the Canadian Northern has not. The Canadian Northern has a good system of feeders in the west; the Grand Trunk has not. Each is strong where the other is weak. Combining them must, of necessity, be the most economical and efficient way of handling the situation.

9. Such a combination would not require more than $100,000,000 to provide it with sufficient rolling stock and to put it in proper physical condition to compete with the Canadian Pacific.

10. The saving in capital cost would be at least $300,000,000 and, at present rates of interest, the saving in fixed charges, at least $15,000,000 per annum.

11. The Transcontinental cost $100,000 per mile to build. The parallel Canadian Northern cost less than $50,000 per mile, and is, in every way, as efficient an instrument of transportation. The Quebec bridge, with approaches, will cost $40,000,000, and will not be necessary for many long years to come.

12. The Transcontinental, including the Quebec bridge, has cost Canada at least $100,000,000 more to build than it would have cost the Canadian Pacific to build as efficient a road.

13. Including operating expenses and fixed charges, it costs the Canadian Pacific about $70 to do $100 worth of business. Including operating expenses and interest on cost, it costs the Intercolonial and the other Canadian government roads from $200 to $220 to do $100 worth of business.

14. Canada should follow the wise example set by Sir John Macdonald when dealing with the Canadian Pacific in 1879-80, and form a new private corporation, with sufficient power and the necessary safeguards, to take over and consolidate the Grand Trunk, Grand Trunk Pacific, Transcontinental and Canadian Northern railways, and develop another Canadian Pacific, rather than to have the government take them over and develop another and a vaster and more expensive Intercolonial.

**Conditions are Favorable.**

15. Conditions for the formation of such a company are much more favorable than they were in 1880, as western Canada had not then been proven, as it since has been, to be capable of supporting a large and prosperous population.

16. Such a combination would start with gross earnings of at least $100,000,000 per annum, with a probable average increase of 8 per cent. per annum, and probable net earnings of from $25,000,000 to $30,000,000 per annum, and a net revenue from other sources of about $2,800,000.

17. Its fixed charges at consolidation would be about $35,000,000, and it would be under the necessity of spending, in the first five to seven years, at least $100,000,000 to provide rolling stock and to put its properties in good physical condition.

18. Deficits for some time to come would be inevitable, owing to the heavy fixed charges amounting to about $35,000,000, as compared with $10,300,000 per annum for the Canadian Pacific.

19. As these high fixed charges are caused by the excessive cost of government construction and by duplication of lines, bonused and guaranteed by the government, Canada must pay them.

**Series of Deficits.**

20. The fixed charges would be at least $15,000,000 less with one private system than with two, and very much less with private than with government management.

21. With such a combination as has been outlined, the series of deficits should not last more than five to ten years, after which the road should be very successful.

22. In order to control its policy, and to share in its certain prosperity, Canada should have an interest in the new company. The Dominion government should furnish 40 per cent. of the money required, own 40 per cent. of the stock, and appoint 40 per cent. of the directorate, but take no part in the actual management. This would give all the advantage of government control without any of the manifest disadvantages of government management.

23. Once this combination was successful, Canada should once and for all abandon the vicious policy of bonusing railway construction, either by gifts of money or land, or by the still more vicious policy of guaranteeing the bonds of railway companies of which it has no direct control.

## NOTABLE JOURNALISTIC ACHIEVEMENT

A large number of appreciative letters have been received in regard to the annual number of *The Monetary Times*, issued on January 5th. The press of Canada has also printed many gratifying references. The Hamilton Spectator, for instance, in its issue of January 16th, said:—

"*The Monetary Times*, of Toronto, has issued a most sumptuous semi-centennial number. Founded in January, 1867, it attains the completion of its first half-century this month, and marks the event with an issue of 302 pages, containing specially contributed articles by many men of distinction and a mass of statistical matter, constituting it a volume that will be useful for reference a long while to come. The issue, in short, may be called a monumental effort and a notable journalistic achievement."

An offer to purchase $400,000 of Calgary's sinking fund mortgages in good standing was made by Mr. J. J. Young. There are, it was stated at the council meeting, 33 sinking fund loans, two-thirds of which are in good standing.