

THE NATIONAL RAILWAYS AND CANALS OF CANADA.

A work published in 1866 on "Banking and the Exchanges" by an eminent English writer refers to Canada as "a country without capital." The phrase is to be taken in a comparative sense, but it is in the main correct, as it agrees with a remark made a year or two ago by one of the oldest and ablest of Canadian bankers who said that the accumulation of capital only commenced in Canada some thirty years ago. If we look at the returns of the expenditures of capital upon the railways, and canals in this country, leaving out of sight the several hundreds of millions of dollars now held as public deposits, and the even larger sums invested in trading enterprises, we have a very graphic picture of the financial development of Canada in the life-time of those who are now conducting its multifarious enterprises. Our railways alone represent a total expenditure by the Government of a sum larger than the net debt of the Dominion, which has been expended since Canada was spoken of as "without capital." Besides these enormous outlays for railways out of the public revenues, a further sum of \$72,504,401 has been charged to the capital account of canals for construction and enlargement, besides the expenditure of many millions on maintenance and operation of these works in excess of their revenue from tolls and other receipts. The paid-up capital of the railways of Canada in 1898 amounted to \$941,297,037. If to this sum we add the capital represented by our canals, we get the enormous total of \$1,013,801,438 as the aggregate capital invested in the transportation system of the Dominion. Now, to whatever extent that amount may be owing to non-resident investors, it constitutes a part of the working capital of this country, and is constantly at their service for facilitating the business operations of the Canadian people. The number of miles of railway at present in operation is 16,718, of which 183 miles were laid last year. Of these, the Government maintains three, viz., the Intercolonial, the Windsor Branch and the Prince Edward Island. The Intercolonial extends 1,314 miles, 169 miles having been added to its system last year by extensions to this city. Up to 30th June, 1898, the total expenditure on this line charged to capital was \$55,668,913. The gross earnings of the year, 1897-98, were \$3,117,670, and working expenses, not including rent on the new extension, was \$3,257,648, causing a deficit in revenue of \$139,978. The chronic deficits of this railway have given rise to acrimonious debates in Parliament, regarding its management, both parties not considering sufficiently that the Intercolonial was never expected to pay directly, but was built for national objects, for bringing the Provinces into closer connection, for providing a winter outlet to the Atlantic and for military defensive purposes. The attainment of those objects justified the construction of the Intercolonial, and those advantages have a pecuniary value to the country far exceeding the annual de-

ficit in revenue. Without the Intercolonial Railway Confederation would be incomplete, and could not have been maintained. The following shows the main items in the returns of this road for a series of years:

Year.	Miles in operation.	Tons carried.	Passengers carried.	Gross earnings.	*Loss or profit.
1877...	714	421,327	613,420	1,154,445	- 507,224
1881...	840	725,777	631,245	1,760,393	+ 542
1885...	941	989,936	957,228	2,441,203	- 78,547
1889...	971	1,288,823	1,040,163	2,983,336	- 383,445
1893...	1,142	1,388,080	1,292,878	3,065,599	+ 20,181
1897...	1,145	1,414,576	1,528,444	3,117,639	- 209,978

* The sign - indicates amount of deficit and + amount of profit on year's operations.

Since 1877 the aggregate of 15 annual losses was \$4,939,590, and of profits \$57,512, leaving a net deficit of \$4,882,078 as the result of 22 years working, being an annual average deficit of \$221,900. In that time the traffic on this line increased, for freight, from 590 tons per mile to 1,252 tons per mile, and, for passengers, from 859 per mile to 1,334 per mile, which evidences a very gratifying development of inter-provincial trade and of inter-provincial intercourse, which were two of the main objects in view in constructing the Intercolonial. The Windsor Branch is only partially a Government line, as it receives one-third of the gross earnings for maintaining the road and works, an arrangement which has resulted in an average profit per year of \$10,032 on 32 miles of railway. The Prince Edward Island Railway, a Government line, cost up to 30th June, 1898, \$3,768,107. The returns of this road for a series of years were as follows:—

Year.	Miles in operation.	Tons carried.	Passengers carried.	Gross earnings.	Yearly loss.
1877....	199	41,039	93,478	130,664	97,930
1881....	199	45,336	102,937	131,131	71,991
1885....	211	57,346	130,422	158,588	52,618
1889....	211	55,682	152,780	171,369	76,189
1893...	211	56,718	132,111	162,690	63,731
1898..	211	57,539	126,510	158,950	72,468

On this road there has been an average annual deficit of \$81,540 since it was opened in 1875, and, since 1885, the freight and passenger traffic have not developed, the isolation of Prince Edward Island confining the business to what arises locally. Although the Canadian Pacific is not a Government railway, it has received such a large amount of financial help from the Government as to be regarded as a national enterprise. The following gives the main items in its returns for every second year since it was opened in June, 1886:—

Year.	Miles in operation.	Tons carried.	Passengers carried.	Gross earnings.	Net Revenue.
1887...	4,274	2,118,319	1,949,215	10,650,254	3,351,208
1889...	4,974	2,636,121	2,457,306	13,016,611	4,019,299
1891...	5,537	3,675,113	2,971,774	18,672,174	7,134,040
1893...	5,782	4,266,348	3,335,598	20,795,304	8,129,717
1895...	6,159	3,720,567	2,892,995	17,912,273	6,629,767
1897...	6,314	4,640,578	2,987,163	21,242,638	8,665,838
1898...	6,334	5,493,930	3,327,318	25,470,796	10,786,065

The above record shows how seriously the depression which reached its lowest point in 1895 reduced the traffic business, the earnings and net revenue of the Canadian Pacific, and how very largely they were