in 1856 communication was established between Toronto and Montreal, and in 1858 between Toronto and Sarnia by means of the Grand Trunk Railway. Thus in 1860 there were 2,065 miles of railway in the country. In 1870 there were 2,617 miles: in 1880, 7,194 miles; in 1890, 13,151 miles; in 1900, 17,657 miles; in 1910, 24,731 miles of line—the largest amount of line in any country of our population in the world. The great increase in the service rendered by the railways is shown by the fact that whereas 5,190,416 passengers and 5,670,836 tons of freight were carried in 1875, in 1910, 35,894,575 passengers and 74,482,866 tons of freight were carried by them. Canadian railways (excluding those owned by the Government) had at the end of 1910 a total capital of $1,410,297,687, gross earnings of $173,956,217, working expenses of $120,405.440. Their net earnings were thus $53,550,877.

The railroad, like other transportation agencies, earns its money practically as a toll. Just as the miller mentioned in our last lesson levied a toll upon the wheat which he ground—1/10 or 1/12 as the case might be—so the railroad's freight earnings are simply a toll on the commodities conveyed by it from the producer to the consumer. Conceivably it might take these tolls, as the miller did, in kind—in wheat or other grain, etc. But that would involve much trouble in many ways, so the railroad prefers to get its receipts in actual money. With this money it pays its workmen, keeps its lines in repair, maintains its rolling stock, and the $53,000,000 net profits represents the excess of receipts over disbursements. This money goes to those who have invested their capital in the building and equipping of railways, which they would not have done if they had not expected some gain from the investment. Assuming that the $1,410,297,687 of stock represents capital actually invested, the dividend to the shareholders is not very great, averaging less than 4% on their investment.