

of these lands was devoted to the railway property, taking the place of that much capital and reducing the Company's annual interest charges proportionately.

The exemption from taxes of the Canadian Pacific Land Grant for a period of 20 years after their selection has been a source of considerable adverse comment, but the delay in selection was largely due to circumstances already explained, over which the Company had no control, and it is manifest that at the time the Grant was made, and for some years after, no one could have afforded to take the lands as a free gift if they were subject to taxation. When the lands were sold, however, the purchaser became a tax payer, and the records show that the 14,000,000 acres thus far sold have brought to the Public Treasury in taxes an amount exceeding \$20,000,000.

THE TEN PER CENT. CLAUSE

The Dominion Railway Act in force in 1880, when the contract was made for the construction of the Canadian Pacific Railway, authorized a return of Fifteen Per Cent. on the capital invested by any railway company in its enterprise before the tariffs for the carriage of passengers and freight could be scaled down by the Government authority named in the Statute, but in the contract with the Canadian Pacific Railway Company, confirmed by Act of Parliament, this limit was reduced to Ten Per Cent. per annum. This is what is known as the "Ten Per Cent. Clause" in the Company's Charter. Years ago this Clause became ineffective when the Company admitted that the net earnings had reached Ten Per Cent. on the capital invested, and its Tariffs came under the control and supervision of the Board of Railway Commissioners.

The suggestion made in some quarters that the spirit and intent of this Clause was to limit the Company's dividends to Ten Per Cent. is entirely out of harmony with the clear, unquestionable language of the instrument. The Clause had no more relation, direct or indirect, to the Canadian Pacific dividends than it had to the dividends of any other Railway