

Do The Railways Own Canada?

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THE question of "Railway Taxation" has been before the people of Canada more or less during the past ten years, principally owing to the introduction in the Legislature of what was known as the "Petty-piece Bill." In brief, this bill proposed to put railway property on an equal footing with other property in the province, in regard to the rate of taxation it should bear. Up to that time the 6,000 miles of railway in the province paid less than \$50 per mile in taxes. In 1899, when the Legislature passed the Supplementary Revenue Act, a provincial tax of \$5 per mile was imposed; in 1901, owing to the agitation in the House and through the press, in support of the Pettypiece bill, the rate was increased to \$30 per mile, and in 1906, for the same reasons, the rate was increased to \$60 per mile, but no further increase has since been made. At the same time the power of the local municipalities to impose taxes for municipal purposes was somewhat curtailed, so that the average rate of taxation now paid by the railways of the province amounts to about \$100 per mile, yielding a total revenue of about \$823,000 annually.

While it is generally conceded that there is no valid reason why railway property should not be taxed at the same rate as other property, the influence of the railway corporations is so great that neither the Liberal government, which went out of power in 1903, nor the Conservative government, which has since been in power, have been willing to pass a measure that would bring about this equality of taxation. A vote of the people on this question alone, apart from and unclouded by other issues, would undoubtedly result in an overwhelming majority in favor of such legislation.

Discrimination

The question that naturally arises is: "Should the railways in Ontario be taxed at the same rate as other property?"

In order to arrive at a satisfactory answer let us consider the question from three standpoints: First, Why is property taxed? Second, On what basis is railway property taxed in other countries? Third, Are the railways of the province able to bear an equal rate of taxation with other property?

The first question is easily disposed of. Property is taxed to enable the provincial and municipal governments to properly carry on the affairs that come under their respective jurisdictions, and to safeguard the property of individuals and corporations alike. As railway property enjoys all the safeguards and protection of both the provincial and municipal governments it should bear its fair share of the cost. Besides, the railway corporations have many privileges that are denied the owners of other property, such as, the right to expropriate land, etc.

According to the government report the total amount of taxes paid by the railways of Canada in 1909 was \$1,591,880, or \$67 per mile. This sum includes both provincial and municipal taxes.

Railway Taxation Elsewhere

The taxation of railways in other countries shows that we in Canada are far behind in the equalization of taxation, and that Canada is the only country in which the railways are allowed to go practically untaxed.

In Great Britain and Ireland for over thirty years there has been a heavy tax on railways, and that tax has been increased at a much greater rate than has been the increase in mileage, capital or earnings. The amount collected now is about 3,000,000 pounds sterling, or \$4,000

British Railway Tax, \$1,000 per mile; Canadian, only \$67. Railway Earnings in Canada go to pay U.S. Taxes! Farm Tax 11.6 Mills on the Dollar; Railways pay 3.6 Mills.

miles of road (which is less than the mileage in Canada), or more than 200 pounds per mile. During the last fifteen years, in Great Britain and Ireland, railway mileage has increased 10 per cent.; capital, 30 per cent.; gross earnings, 30 per cent. net earnings, 6 per cent.; taxation, 70 per cent.

Reduced to dollars, railway taxation in the United Kingdom amounts to over \$24,000,000 annually. It represents a tax of over \$1,000 per mile, a rate of three and one-half mills on the capital, a rate of nearly 4 per cent. on the gross earnings, and over 11 per cent. on the net earnings.

In France a large revenue is raised by a tax on both freight and passenger earnings, and all railways revert to the government, without compensation, at the expiration of their charters, which run not more than fifty years.

In the United States the latest returns, for 1908, show that \$44,363,363 in railway taxation, was collected that year, an average of \$182 per mile. The increase in three years was \$76 per mile, which is \$11 per mile more than the total amount collected in Canada. The highest rate

This shows a difference in favor of Michigan of \$3,609,863.

It may be also mentioned here that the telegraph and telephone companies in Michigan paid in taxes in 1909 the sum of \$431,072, as compared with \$11,504 paid in Ontario by the same companies.

The Michigan figures are furnished by Mr. Geo. Lord, the secretary of the state board of tax commissioners. The passenger and freight charges in Michigan are lower than in Ontario, and express charges are no higher.

Several of the through railway lines, amongst the most important, operate through both Ontario and Michigan. Hundreds of passenger and freight cars run daily through both, from the west to the east and from east to west, over an almost equal mileage. The Grand Trunk runs 249 miles from the Indiana boundary to the St. Clair river, and 182 miles from the St. Clair to the Niagara river. The Michigan Central runs 240 miles through Michigan and 228 miles through Ontario—this being the main line mileage in both cases. The bulk of

thousands of cars owned by car-leasing companies, which pay over \$23,000 in Michigan, are allowed to escape taxation in Ontario, is a gross outrage on the taxpayers of this province. This class of property includes all the refrigerator cars, for the transit of which local traffic, paying higher rates, is daily side-tracked every day in Ontario. Similar contrasts could be given in regard to the Pere Marquette and the Soo lines of the C.P.R.

Paying U.S. Taxes

Take the case of a G.T.R. train running from Chicago to Portland, Maine, a distance of 1,138 miles. It runs 30 miles through Illinois, where the rate of taxation is \$441 per mile; 83 miles through Indiana, \$490 per mile; 240 miles through Michigan, \$306 per mile; through the Michigan end of the St. Clair tunnel, \$22,903; across the boundary and through the Ontario end of the tunnel, \$760; then 511 miles through Ontario, \$100 per mile; 129 miles through Quebec, \$90 per mile; 35 miles through Vermont, \$205 per mile; 63 miles through New Hampshire, \$379 per mile; 70 miles through Maine, \$314 per mile. Therefore, the trains run over 300 miles of lines in the States, with an average taxation of \$371 per mile, or \$185,500, and over 638 miles in Canada, with an average taxation of \$95 per mile, or a total of \$60,610. Add the St. Clair tunnel figures, and the totals are \$208,409 paid in the States, and \$61,340 paid in Canada. It may be well said that these railway lines collect earnings in Canada to pay taxes in the States.

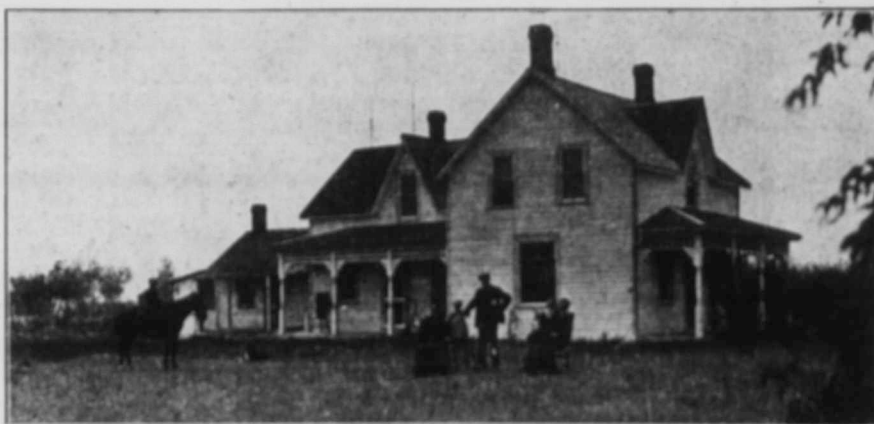
A comparison of the taxes paid in Ontario on farm property and on railway property shows how great is the discrimination in favor of the latter class of property. Farm property is taken for the purposes of comparison because the taxes paid on that class of property do not include charges for water, light, street railways, etc., as is often the case in cities and towns.

Big Farm Taxes

In 1908 the total assessment of farm property in the province amounted to \$601,758,322, on which the total taxes paid amounted to \$7,001,104, a rate of 11.63 mills on the dollar, and a rate of \$6.69 per head of population. In nine years, although the rural population decreased by 60,000, the assessment increased \$51,000,000, the taxes increased \$2,383,899, the rate on the dollar increased 1.39 mills, and the rate of taxation per head increased \$2.53.

In the Dominion there are, exclusive of government and uncompleted lines, 21,965 miles of railway, capitalized at \$35,638 per mile. The 8,000 miles (excluding government lines) in Ontario, therefore, represent a capital of at least \$445,000,000. Assessed at one-half that amount, which is less than the basis of assessment of farm property, and taxed at 11 mills, which is less than the rate on farm property, the result would be a taxation of \$2,448,072, or \$306 per mile. This is \$76 less than the average rate per mile paid in the United States, and \$90 less than the Michigan rate per mile.

In addition to the municipal taxes on farm property, as given above, the rural population of the province paid in the same year their share of the \$72,325,963 customs and excise taxes collected by the Dominion government, which, at the lowest calculation, amounted to \$12,000,000. This brings the total taxation on the township property in the province up to \$19,000,000, on an assessed value of



"LAGGAN FARM"
Home of Peter McDonald, President Virden G.G.A.

in the States was \$1,926 per mile in New Jersey, and the lowest was \$148 per mile in Arizona. In the states adjoining Ontario the rates per mile were: New York, \$672; Ohio, \$376; Pennsylvania, \$354; Wisconsin, \$409; Michigan, \$396; Minnesota, \$388.

Ontario and Michigan

A comparison of the taxes paid by the railways and subsidiary properties in Ontario and Michigan shows in a most startling manner how very much we are behind the age in regard to this most important of the many duties of a government—the equalization of the burdens of taxation. Ontario and Michigan are about equal in population and wealth, the advantage, if any, being in favor of Ontario, and with similar conditions in many respects. They have nearly the same railway mileage, that of Ontario being 8,230, and that of Michigan, 8,340. In 1909 the taxes paid by the railways, express, Pullman and car-leasing companies in the province and state were as follows:

	Ontario.	Michigan.
Railway	\$823,000	\$4,377,873
Express	6,500	26,696
Pullman	1,838	10,336
Car-leasing	Nil	23,386
Totals	\$831,338	\$4,438,301

the freight traffic over these two lines consists of through freight, which goes through unbroken. It may, therefore, be assumed that the earnings and working expenses are about equal, and the ability to pay taxes equal. What do they pay in the two countries? According to the returns for 1907, the latest year for which detailed returns are at present available, the taxes paid by these two stretches of lines are as follows: The G.T.R. (Grand Trunk Western) paid in Michigan, on 220 miles, \$295,181, or \$220 per mile, and in Ontario \$109 per mile. The M.C.R. paid in Michigan \$361,009, on 270 miles, or over \$4,000 per mile, and in Ontario \$109 per mile.

Canada's Peculiar Way

In the same year the St. Clair tunnel, with equal mileage, and equal earnings and expenses in Michigan and Ontario, paid in taxes in Michigan \$22,903, and in Ontario \$730. The Ontario end received a subsidy of \$283,000, the Michigan end nothing.

When it is remembered that the principal freight business of these two lines is to haul the products of the western states through Ontario to the seaboard, to enter into competition with the products of Ontario, the injustice done to the people of this province is far worse than the mere figures show. That the