

out the assistance of a Government subsidy, but with that aid all doubt was set aside.

It may not be generally known that the subsidy is not a gift, but only a guarantee that in the event of the work not paying seven per cent. of net earnings on the capital of \$5,000,000, then the Government will make up any deficiency there may be on such dividend to the extent of \$170,600 per annum for twenty years.

"In case the earnings of the undertaking should exceed seven per cent. per annum upon the aforementioned capital, the Company shall pay over to the Government of Canada one-half of the surplus profit beyond the said seven per cent., until the whole of the subsidy which may then have been paid to the Company shall have been repaid to the Government by the Company." *Vide Act, 1886.*

It will thus be seen that the Government and Company are virtually partners in this undertaking until the subsidy is paid off by the Company. In the event, however, of the whole of the subsidy being payable by the Government for the twenty years, then the cost to the country will only be the sum of the subsidy, which, capitalized at four per cent., is \$2,343,000. The cost of a canal, at its lowest estimate, was \$5,650,000, which, with the interest during construction, would amount to six and a half millions of dollars. In the case of the Ship Railway, the Company will find all the capital, and the cost to the country would be \$4,500,000 less than the lowest priced canal, not counting interest.

What probability is there that the subsidy will be reduced or paid off? In reply to this question all the paying capabilities of the project are involved.

Experience has shown that public works of the character of this undertaking, when once established and proved to be safe and reliable, rapidly secure traffic, and a notable instance may be mentioned; viz., The Suez Canal, the object of which is identical with this undertaking. The number of vessels which availed themselves of this work during the first year of its existence was 486 vessels, with an aggregate tonnage of 435,911 tons; ten years later, 1,592 vessels, with a total tonnage of 3,446,431 tons; and from that period (1880) to the present time the traffic has always been increasing, until in the year 1884 the total number of vessels was 3,284, with the enormous tonnage of 8,319,967 tons. The financial results of that undertaking were proportionate to the traffic; the receipts for tolls the first year amounted to only £255,000 stg., which increased to £2,577,608 in 1884, and the net profits are now 17½ per cent. on the share capital of £8,000,000.

To come nearer home, I see by the *Daily Telegraph* of the 3rd instant that the freight which passed through the Sault St. Marie Canal in 1860 was only 400,000 tons; in 1880 it was 1,750,000 tons; and last month alone it was one million tons. The total tonnage for this year, it is estimated, will not be less than six million tons.

In like manner the promoters are confident that when once the Ship Railway is in operation the advantages will be found so great that it will meet with similar success. The coasting trade of the Dominion is rapidly increasing. According to latest official returns, out of a total of sixteen million tons there were over eight million tons of entries and