

Taking 1902 as the basis of calculation, and making in the case of the Canadian roads the necessary deductions for interest on bonded indebtedness and for taxation, the showing as to net earnings per mile would be as follows:

United States railways	\$1,400
Canadian railways	325

That is, the net earnings per mile of the United States railways are more than 4 1-3 times as great as the net earnings of the Canadian railways.

Then, as to the comparative density of traffic, Canadian railways, with 18,714 miles in operation, carried 1,105 passengers for each mile of track; United States railways, with 202,407 miles of track, carried 3,210 passengers for each mile of track; the United States railways carried nearly three times more passengers than the Canadian railways for every mile of track; The Canadian roads also carried 2,306 tons of freight per mile, and the United States roads 5,830 tons.

But smaller traffic per mile is not the only justification for lower taxation which our railways put up. They say, what is seemingly true, that they are called upon to make large contributions to the Dominion revenue in the shape of coal duties, being compelled to import their supply of fuel from the United States, and that there is no corresponding burden borne by the railways of the latter country. What this means is made clear in the following letter received from one who is in a position to speak authoritatively:

"I have made enquiries as to the amount of duty paid on coal imported and used in Ontario by the Grand Trunk Railway Company, the Canadian Pacific Railway Company and the Canada Southern Railway Company, and the figures are as follows:

Grand Trunk, for the year 1903, paid duty of \$663,000,000.

Canadian Pacific for the year 1903, paid duty of \$565,973.20.

Canada Southern, for the year 1903, paid duty of \$142,353.88.

The track mileage of the G. T. R. in the Province of Ontario is 2,655, so this payment practically amounts to a coal tax of \$250 a mile.

The track mileage of the C. P. R. in the Province of Ontario is 2,404, so this payment practically amounts to a coal tax of \$235 a mile.

The track mileage of the C. S. R. in the Province of Ontario is 382, so this payment practically amounts to a coal tax of \$372 a mile.

From further enquiries made I am informed that there is no corresponding tax paid by United States railways on the importation of coal from Canada; in fact, that no appreciable quantity of coal is so imported by the U. S. railroads, although at one time when the duty was removed the U. S. roads did to some extent take advantage of Canadian coal."

If the representations made in the above letter be true, the Grand Trunk is handicapped in its ability to pay provincial or municipal taxes as compared with American roads, to the extent of \$250 a mile, the C. P. R. to the extent of \$235 a mile, and the Canada Southern to the extent of \$372 a mile. Add these figures to the amounts they now contribute, or will be called upon to contribute under the legislation of last session, and it will be seen that our roads are paying very much more than Michigan roads, and very much more than the average throughout the United States, which is \$274.

#### Ability to Pay.

One more argument as to the matter of ability to pay, and it is put by the counsel for the railroads in the following language:

"The government reports show that if interest had been paid upon the bonded indebtedness and preference capital, there would not have remained any surplus with which to pay any dividend or interest upon the ordinary share capital; but on the contrary, there would have been a deficit; while the United States roads, after paying interest upon 95.11 per cent. of their bonded debt, which amounts to \$6,109,981,669, at varying rates, averaging close upon 6 per cent., had, at \$1,400 per mile for over 202,471 miles, \$283,459,400 to distribute among their shareholders, or to carry forward to reserve or for other purposes, being at the rate of nearly 4 3-4 per cent. upon \$6,024,201,295, their entire share capital."