

ment, justify the building of the Pacific & Hudson Bay Railway, particularly where such a line has the short rail haul to tidewater which will give the farmer, on the opening of the Panama Canal, the benefit of the cheapest possible transportation and therefore the highest price for his products in the European markets, also the benefit of a possible market in the Orient.

It is the judgment of the writer that we can build and equip the entire line from Bella Coola to the Peace River country, approximately 800 miles, for \$45,000.00 per mile (allowing \$6,000.00 per mile for equipment) with practically a ruling grade of 1% east-bound, which will include twelve miles of 2.2% pusher grade beginning about 55 miles east of Bella Coola. From the Bella Coola summit east-bound to Smoky River, Alberta, will be 5/10 of 1%, which includes a seven-mile 1% pusher grade through the Pine Pass; west-bound we have a ruling grade of 5/10 of 1% the entire distance, which includes a twelve-mile 1% pusher grade through the Pine Pass.

Considering the indefiniteness of some of the factors that enter into a computation of the future earning power of the Railway, it is manifestly difficult to determine accurately the gross and net earnings per mile of road. The volume and nature of its traffic, its prospects for future settlement and development, the physical characteristics of the country, the grades and distances, the freight rates, the management of the line directed from British Columbia by practical and experienced Railroad men familiar with Western conditions; all have a bearing upon the question. Summing it all up, however, I am of the opinion, and would venture the prediction, that within a year after the line is completed to the Peace River country, the gross earnings will be about \$3,000.00 per mile, and the net about \$900.00 per mile, and should increase at the rate of about 20% each year thereafter.

CONCLUSION.

My conclusion based upon an analysis in checking the reports made by Messrs Kyle and Cartwright, my personal examination of the territory, the study which I have given it in the light of my experience in railroad construction and operation, and my general knowledge of the railway situation in Canada and the United States, is that their reports are more than conservative, and I have no hesitation in endorsing the proposition, as a whole, as commercially sound.

Respectfully Submitted,

E. C. HARRIS.

November 22nd, 1912.