

(e). As subsidiary companies, they share in the lean business of their superior owning companies, but not in their fat earnings.

(f). It is easier for these Railways to accept these subsidies than it is to earn them, and herein lies the bane of subsidizing railways; it is like the bane of Socialism, inasmuch as everyone under Socialism is guaranteed an equal share of everything—there is no inducement for anyone to make any special effort to do anything.

(g). To illustrate what these two subsidies really mean, it is only necessary to capitalize them, when it is found on a 4 per cent. basis, they have a cash surrender value of Twenty-five million four hundred and sixteen thousand three hundred dollars (\$25,416,300).

Referring to paragraph (2) herein, it is submitted that the exemption of the terminals, the most valuable portions of these roads, from the Mortgage security of the Province is very poor business indeed. Suppose they fail to reimburse the Province, and the Province has to take the railways, they would have no terminals, and would have to buy them or get new ones. This brings out one of the favorite manoeuvres of railways for jockeying the people. The exemption also applies to subsidies referred to later on.

Re paragraph (3) herein, Companies acquiring other railways, the guarantee on such mileage is to be given. By this provision the people are deprived of the benefit of the money which would otherwise be expended on construction, and in the case of the purchase of the Howe Sound and Northern, 8 miles of main line and 6 miles of spurs to logging camps, with some 500 lots at Newport, for, it is stated, over one million dollars, the people do not participate in the townsites. It is believed the main line did not cost more than \$20,000 to \$25,000 and the spurs much less.

Re paragraph (4) herein, the Railways agree that they will not apply to be declared to be for the general advantage of Canada. This appears to be abortive, for the Dominion Government can declare any Railway to be for the general advantage of Canada, vide Section 92 of the British North America Act, which says: "In each Province the Legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated." Sub-section 10 says: "Local works and undertakings, other than such as are of the following classes:

(a). Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the Province with any other or others of the Provinces or extending beyond the limits of the Province.

(b). Lines of steamships between the Province and any British or Foreign Country.

(c). Such works as although wholly situate within the Province are before or after their execution, declared by the Parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the Provinces.

Section 6 of the Dominion Railway Act says: "Where any railway, the construction or operation of which is authorized by a special act passed by the Legislature of any Province, is declared by any Act of the Parliament of Canada to be a work for the general advantage of Canada, this Act shall apply to such railway, and to the Company constructing or operating the same to the exclusion of such of the provisions of the said Special Act as are inconsistent with this Act, and in lieu of any general Railway Act of the Province."

In addition to the above the following Dominion Act would appear to settle it as far as the Canadian Northern Pacific Railway is concerned:

"2 GEORGE V." CHAP. 9

An Act to authorize the granting of a Subsidy to the Canadian Northern Pacific Railway Company in aid of the construction of the railway therein mentioned.

(Assented to 1st April, 1912.)

HIS MAJESTY, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as The Canadian Northern Pacific Railway Aid Act.
2. The Governor-in-Council may grant a subsidy of Twelve thousand dollars per mile to the Canadian Northern Pacific Railway Company towards the construction of a