

369. These three railway systems embrace over 67 per cent of the total railway mileage of the Dominion.

370. This brief resumé may be appropriately concluded by a statement of the growth of our railways.

#### MILEAGE OF RAILWAYS IN CANADA.

1845.....	59
1855.....	855
1865.....	2,145
*1867.....	2,258
1875.....	4,826
1885.....	10,149
1893.....	15,020
1894.....	15,627

371. At Confederation the total cost of our railways was \$150,000,000, of which Government had contributed \$31,400,000; other sources \$118,600,000.

372. Down to the time of Confederation the experience of the railways had been most unsatisfactory. Very few of the roads had done more than pay their working expenses. Some did not even do that. The three leading lines, the Grand Trunk, the Great Western and the Northern, were in debt to the Government \$33,325,000 including interest overdue, whilst the municipalities of Upper Canada alone had borrowed \$5,867,000 and those of Lower Canada had advanced nearly a million dollars.

In all the earlier charters the popular delusion that railways were enormously profitable ventures seems to have been the dominating idea. The special aim of the legislature accordingly was to guard the public from exorbitant charges. In the Champlain Act of 1832, the tariffs were kept in the hands of the Government to be by it regulated every year according to the dividend paid upon the ordinary stock for the previous year. In the Grenville & Carillon charter, the projectors were to divide with the Government half their earnings over 10 per cent in order to keep them within bounds.

A similar delusion led to the investment of money by municipalities, and in several instances it was definitely laid down and thoroughly believed that as an almost certain result of these investments the profit on the railway stock held by the townships would more than meet all the municipal expenditure and thus relieve taxpayers from all local taxation.

To carry out this imaginary result an act was passed creating in each of the provinces of Upper and Lower Canada a municipal loan fund for the purpose of advancing money to municipalities to be expended on public works. The railways were the principal borrowers under this Act, and on a popular vote of the inhabitants they could borrow the money they required from the municipality which in turn could obtain it from this fund by paying 6 per cent interest and 2 per cent sinking fund for a term of years when interest and principal would both be paid off. The municipalities, expecting to make large profits from their investments, readily undertook the temporary 8 per cent obligation, and when the railways paid nothing were

\* Confederation took place.