7.—Provincial Revenues from the Taxation of the Distribution and Operation of Motor Vehicles, for the years 1934 and 1935—concluded.

Province.	Passenger Cars.	Trucks.	Motor Cycles.	Dealers' Licences.	Operators and Chauffeurs.	Mileage Tax on Motor Buses and Trucks.	Gasolene Tax.	Total, including Miscellaneous Revenue.
1935.	$	$	$	$	$	$	$	$
P. E. Island.....	81,363	15,987	84	540	3,540	-	178,687	282,438
Nova Scotia.....	621,363	244,926	-	4,793	86,559	1,427	1,422,542	2,438,987
New Brunswick...	484,987	221,052	-	3,572	83,032	2,839	1,006,421	1,853,120
Quebec.....	2,856,781	1,553,129	9,358	1,100	972,605	22,043	5,666,442	11,219,167
Ontario.....	5,231,336	2,470,328	12,018	31,129	758,736	263,676	15,021,994	24,405,547
Manitoba.....	612,700	141,410	2,350	8,200	93,900	36,356	1,795,900	2,711,856
Saskatchewan.....	986,487	214,023	-	13,675	58,878	100,798	1,862,300	3,344,666
Alberta.....	1,018,136	334,296	1,949	16,770	18,394	167,041	2,048,272	3,614,381
British Columbia..	1,512,606	461,309	8,108	12,967	157,843	21,918	2,530,087	4,750,659
Yukon.....	1,310	1,190	27	-	-	-	-	2,802
Totals.....	**13,407,069**	**5,657,650**	**33,894**	**92,746**	**2,233,487**	**616,098**	**31,532,645**	**54,623,623**

Section 4.—Road Traffic.

Up to the present the motor vehicle has affected the passenger traffic of the steam and electric railways more than the freight. This diversion of passenger traffic has been effected largely by the private automobile, although the motor bus is rapidly becoming more important and is now operating between all large centres. The motor truck is also carrying an increasing amount of freight, although no statistics showing the tonnage handled are as yet available. The difficulties of collecting statistics from the very large number of operators concerned are obvious.

Widely differing opinions are held regarding the extent to which the motor vehicle has cut into railway traffic.* A definite conclusion cannot be reached until reliable statistics regarding motor vehicle traffic are available. While undoubtedly the passenger motor vehicle now carries a certain amount of passenger traffic which would otherwise be carried by steam or electric railways, the error should be avoided of considering all the passenger movement by motor vehicles as a loss to the railways. Much of that movement is due to the convenience and cheapness of motor vehicle travel and would not take place at all under less favourable circumstances.

Similar considerations apply also, though less importantly, to freight moved by motor trucks. Part of the short-haul truck traffic has displaced the horse-drawn vehicle rather than the railway. Furthermore, traffic diverted from the railways to motor vehicles has been offset to some extent by new traffic for the railways created by the automobile industry, consisting of raw and finished products of manufacture, motor fuel and oil, and materials for construction and maintenance of roads suitable for motor travel.

On the other hand, a phase of this new competition with railway transportation has been its effect on freight rates. The railway rate structure took into consideration the value of the goods handled, *i.e.*, bulk and low-value commodities were carried at relatively low rates, while manufactured and high-class commodities were at higher rates, the difference in rates having little relation to the difference in costs of transportation. Such a structure allowed raw materials to be moved cheaply and the railways were compensated by higher rates on the finished com-

* Counsel for the railways before the Transport Committee of the Senate of Canada presented arguments showing a serious loss of revenue by the railways from motor vehicle competition. On the other hand, if conditions of motor traffic in Canada may be assumed to be similar to those of the United States, in *Automobile Facts and Figures*, 1936, published by the Automobile Manufacturers' Association, estimates of railway and motor traffic are given which, in the field of freight movement, rather minimize the seriousness of the motor truck competition.