

the railroads, some of which are wise and some of which are highly visionary. What the outcome will be it is impossible to forecast at this time; but an issue of great importance is, it is hoped, about to be settled in a way that will ensure the rights of the public and conserve the rights of security holders. The railroads have agreed to postpone their advances, which should lessen political tension, but this still leaves them in somewhat uncertain position. Unless there is to be a large increase of traffic, it is a problem as to how the railroads are going to meet fast-growing expenses without an advance in rates. Already many of the roads are showing serious impairment of net earnings, notwithstanding liberal gains in gross.

One reason why President Taft was so anxious to have the railroad bill go to Congress, a Washington despatch tells us, was his desire to see incorporated in it some provision for the control of future issues of stocks and bonds by inter-state carriers.

In the meantime, the general executive of the Railway Business Association, representing \$800,000,000 of invested capital, has issued an appeal asking:—

Congress to pass forthwith a provision governing the power of the Inter-State Commerce Commission over freight rate changes.

The railways to facilitate the work of the commission by having their schedules so arranged and the reasons therefor so clearly set forth as to require the least possible time to comprehend their scope and bearing.

The shippers to look upon the railways precisely as they would look upon any other concern for whose solvency the management, and not the government, is responsible.

The public to frankly concede to the railways the necessity for adequate revenue, and await with patience and good nature the findings of the commission as to the reasonableness of proposed rates.

Any factor affecting railroad and steamship transportation is naturally of importance. Next to agriculture perhaps the transportation business is the most vital. Agriculture produces, transportation distributes. Again, the enormous sums of capital invested in the railroads of America make the question of freight rates of more than passing interest. It is estimated that over one-fifth of the wealth of the United States is invested in railroads. In the past five years Great Britain has loaned Canada more than forty-seven millions sterling for railroad construction and development. Five years ago, Mr. Paul Morton of the Atchison road, pointed out that the average rate of freight charged in the United States in 1870 was nearly three times as much as is charged to-day, or conversely, the average per ton per mile now in existence is only a trifle over one-third of what was paid in 1870. Mr. Morton's opinion is that railroad rates should be unfluctuating and without preference as between individuals and communities.

About 1872 an agitation commenced regarding state or national regulation of railroads. The regulation of passenger or freight rates by statute became an epidemic. The first national law that was considered was known as the Reagan bill, and from this sprung the present law, known as the Interstate Commerce Law, which was designed to prevent unjust discriminations in rates. In the discussion of that measure the feeling against trusts and combinations of all kinds was introduced, and pooling was prohibited, which resulted in a continuation of preferential rates—mostly of a secret nature—all of which were described by Mr. Morton as a menace to justice and fair play, and ought to be obliterated. At the time of the discussion of the merits of the Reagan bill, Judge Reagan, the originator and introducer of the bill, was against pooling. But after having been chairman of the Texas Railroad Commissioners for over ten years, he changed his mind and favored such legalized pooling.

Rates can become unreasonable, and there is as much to fear from their being unreasonably low as from being unreasonably high. They can be so low as to be unremunerative, thereby in time impairing the property

and destroying the service. They can be so high as to check the movement of business. The selfish interest of the carrier generally prevents this. There should be proper supervision to see that they are reasonable, which means neither too high nor too low for increasing and promoting commerce. And therein is a difficult problem.

EDITORIAL NOTES.

Those adulterated pepper stories should be taken with a pinch of salt.

Bankers of Nebraska, says a despatch from Omaha, have generally notified farmers that no loans will hereafter be made for the purposes of outside speculation, particularly in Western and Canadian lands. Possibly the inflow of capital to the Dominion is causing wrinkles.

Open market discount rates in London have benefited by the second reduction in the minimum discount rate of the Bank of England in as many weeks. From 4, the rate dropped to 3½, and last week to 3. This reduction is due to the bank's extensive gold holdings and large reserve. By the middle of next month, the private rate of discount will probably fall to 2 per cent. The condition of the bank is considered strong and indicates a period of monetary ease.

Hamilton is the head office of a ten million dollar canning combine. Hamilton is the headquarters of the Canadian Steel Corporation, Limited, with a capital of twenty-five million dollars. Hamilton is the home of several large agricultural implement manufacturers. Hamilton will provide the site for the National Fireproofing Company, of Pittsburg, who will build a large plant there. Hamilton is to be the Canadian headquarters of the Oliver Chilled Plough Works of Indiana origin. Hamilton—but enough said!

Mr. Roosevelt's advice to England regarding the governing of Egypt has drawn attention to British trade with that country. The report by Sir E. Gorst on the finances, administration and condition of Egypt and the Soudan last year states that the chief feature in the economic situation was that, in spite of a good Nile and favorable climatic conditions, the cotton crop was very considerably below the average of recent years. In April of last year much interest was aroused by the discovery by a private company of petroleum at Ras Jemsah, a point on the Red Sea coast about 160 miles south of Suez, in the district known as the Red Sea Oilfields, where on several former occasions boring for oil had been unsuccessfully tried. Other companies are now actively prospecting in the neighborhood, while preliminary operations and boring have been commenced in several other localities. The last two years have witnessed a great shrinkage of the import of metals into Egypt. The largest decline is under the head of locomotives and rolling stock, practically none having been imported with the exception of a little from Belgium. The decrease in the import of wrought iron and steel has been almost entirely borne by Britain. Belgium, the second largest importer, has merely maintained her place, probably due to the cheaper quality of the Belgian article. Coal shows a very heavy decrease. Lower prices were chiefly responsible for the decline, but a contributory factor was the abundant summer supply of water due to the high Nile, owing to which the use of irrigation machines was not so extensive as in previous years. Great Britain's proportion of the total trade of Egypt fell from 32.9 to 30.3 per cent. On the other hand, Germany's share advanced from 4.4 to 5.7 per cent. These figures are significant. The period of depression in the import trade has not yet disappeared, and it would be as well not to count on any great improvement in the present year.