that the actual cost is closely identified with capitalization, we find that the bill reaches the respectable total of $665,513,201. That is to say, whereas the capitalization of Canadian railways was $1,210,297,687 (as revised) in 1910, it stood at $1,875,810,888 in 1915. But that is not the whole cost. Aid was given in cash by the Dominion, the provinces and municipalities, to the extent of $38,147,848.20, in addition to which the Dominion built the eastern section of the Transcontinental at a cost of $152,802,746. These sums added together make a total of $856,463,795 as the probable cost of railway lines built since 1910; and, to make financing easy, the federal and provincial governments have guaranteed the bonds of railway operations to the amount of $409,869,165 during that period. These are all large and impressive figures, and the outstanding problem at this moment turns upon our ability as a nation of 8,000,000 to carry the liability involved without serious inconvenience. In the last analysis it becomes a matter of earning power. If the railways concerned in this vast capital outlay can meet fixed charges until post-bellum reconstruction has taken place, there is every probability that rising receipts thereafter will remove all ground for anxiety. Meanwhile, the western provinces are in the position of a man who has endorsed the promissory note of a friend, and sees that friend struggling to make both ends meet. To be absolutely candid, we have been just a trifle too optimistic in railway building, and have gone ahead a little faster than Scotch prudence would approve. But the world will witness other grave disasters of a monetary character before Canada, having regard to her resources, finds herself in real trouble because of the faith she has shown in respect of railways.

In 1915 railway gross earnings fell off, as compared with 1914, by $43,240,457. This was largely because freight traffic declined during the year from 101,393,989 to 87,204,838 tons. Gross earnings, however, had been steadily on the ascendant for twenty years. In 1895 they were $46,785,486. Ten years later they stood at $106,467,198. In 1913 they reached high-water mark—$256,702,703. Not another country under the sun had done relatively as well. Is it any wonder we grew sanguine? A setback had really begun before the war broke out; but with Europe in arms the decline gained momentum month after month. It was under such circumstances that the test of management occurred to which reference has been made. Operating expenses, which had been $178,975,259 in 1914, were pulled down to $147,731,099. Earnings shrank by 17.8, and operating cost by 17.5. The result was that net earnings were brought up to $52,111,973, as against $64,108,280 in 1914. This was a fine achievement, all things considered; but it involved drastic and courageous action. The number of employees was cut down from 159,142 to 124,142. Retrenchments took place in many directions. It was a very trying year. Yet the high standard set for operating conditions was maintained. Roadbed and equipment were not neglected. Our railway managers did not lose their heads and do wasteful things.

The decline in traffic, as has been said, began a few months before the outbreak of war. Ere the people at large knew that a period of contraction in trade had begun the railways knew it. They are always the first to know whether commerce is moving upward or downward. They hold the barometer, and an unfailing, trustworthy barometer it is. Commerce has no particular centre. Foreign trade is registered at the Customs Department; but domestic trade has no point of registration. Railway earnings will always show the trend of both foreign and domestic commerce. These earnings are recorded weekly, and the man who watches them really has his finger on the pulse of national business life. For trade and traffic are synonymous terms. So, let it be repeated, the railways had primary warning of the slump which started early in 1914. It continued until September last. Then the pendulum began to swing in the other direction. War orders and the harvest combined to bring about the change. Instead of one day of thanksgiving, the people of Canada should have been on their knees for a week last autumn. That unprecedented harvest saved Canada from very serious trouble; saved them in a far broader sense than did the demand for munitions.

The upward movement in railway earnings has continued with more or less steadiness since last September. Therefore, without any corroboration from the banks or any other quarter, we know beyond a peradventure that the commerce of Canada has been actively growing. A very substantial part of the losses in gross receipts incurred between March, 1914, and September, 1915, have already been retrieved. This recovery is not wholly attributable to the movement of grain and war materials. Trade in general has answered to the impulse of confidence —that subtle, yet potent, force beneath all enterprise. It is well this change took place. It concerns us all. When earnings are pouring into the coffers of the railways, everybody should rejoice; for railway earnings are invariably and necessarily the reflex of trade. Let nobody grumble when the railways are doing well; the people at large are also doing well. Of course, the fall in earnings last year smashed practically all the nice looking and encouraging averages which had been built up in railway statistics year by year since 1895. It looks at this moment, however, as if many of them would soon be restored to former levels. All the conditions are favorable.

There is another aspect to the decline of last year, and the circumstances which produced it, that cannot be ignored. There will inevitably be a lull in railway building for a time. Caution has succeeded to daring. Nobody knows what adjustments will be necessary when the war is over. Canada is in the best position of any country affected by the war to stand the strain, and Canada, too, is in the best position to receive the immediate benefits of peace. Immigration has been the parent of our railway expansion since the early nineties, and the outflow of population from Europe, when fighting ceases, must come in large measure to our shores. We hold the land available for settlement on attractive terms. But capital will be at too high a premium for some years to make financing easy, and we must not forget that railways are constructed on borrowed money. On 30th June last there were barely 1,600 miles of new line under contract, as compared with many times that mileage two years ago. Not a single new line has been started since 1914. We are therefore facing a period of comparative inactivity. This will afford time for much-needed digestion of the ten thousand miles of railway put into operation since 1910. New mileage is invariably low in density of traffic for quite a period of years. Whatever may be said on the score of prudence respecting our rapid railway building, there is satisfaction in the reflection that we at least have the transportation facilities to make enormous development of our resources practicable. To bring about that development is one of the great problems to which the people of Canada are now called upon to address their energies. They have the power to win.

Messrs. Greenshields and Company, of Montreal, have moved into new offices in the New Lewis Building, St. John and Hospital Streets, Montreal. The offices are on the sixth floor, Rooms No. 605-8 inclusive.