For the whole of 1909, it is generally thought that the Grand Trunk profits will be large enough to permit of the payment of the full dividend upon the second preference with a substantial balance for the dividend on the third preference or for the liquidation of the engine and car renewal suspense account. During the first half of 1909 the net earnings have increased, and there should be a substantial expansion in these from July to December. The Grand Trunk Pacific is helping to move the crop, and if its traffic contribution maintains the record of the past week or two, the current half year's gross and net earnings should help to make a profit for the whole year sufficient to pay a dividend on the third preference or for closing the equipment expense account. According to figures supplied by Mr. Hays, much more economy and efficiency have been observed in the operation of the road than is generally known. The new president has compared the results of 1907 with 1896, and are as follows:—

	Total, 1907.	Increase over 1896.	Per Cent.
Total mileage operated.....	4,045	459	11.0
Mileage double tracks......	1,034	608	140.0
	$	$	
Loan capital................	137,526,397	14,938,813	12.2
Share capital...............	215,741,609	17,114,285	8.6
Gross earnings..............	45,040,526	22,409,038	99.0
Operating expenses..........	33,451,853	16,529,313	97.7
Net earnings................	10,600,461	4,891,515	85.7
Taxes	988,212	541,139	121.4
Fixed charges and rentals†.	7,514,896	232,163	3.2
Amount available for dividend	4,100,139	4,100,139	—
Pay rolls (1898)...........	18,274,427	8,034,710	83.3
*Total tons moved..........	20,305,275	10,722,598	111.9
*Total tons moved one mile (millions)	4,446	2,007	82.29
*Freight train load (tons)..	285	96	50.79
*Number of passengers carried	13,854,883	5,758,933	71.1
Number of locomotives.....	1,111	75	6.8
Haulage capacity of locomotives (tons).........	3,577,324	1,629,409	83.6
Number of (revenue) freight cars	32,019	6,504	25.5
Tonnage capacity of freight cars	896,035	422,158	89.1

*These items compare with 1897, the earliest year for which "System" figures are available.

†Including deficiencies of subsidiary companies.

Just how the Grand Trunk securities stand is seen in the following table:—

Description.	Amount Outstanding.	Date of Redemption.	Rate.
2nd Equip. Mort. bonds...	£ 373,000	July, 1919	6
5% Perp. Deb. stock.....	4,270,375	Irred.	5
4% Perp. Cons. Deb......	15,821,571	Irred.	4
Gt. W. Perp. 5% Deb.....	2,723,080	Irred.	5
Mid. of Can. 1st Mort....	1,016,500	Jan., 1912	5
N. of Can. Perp. Deb....	325,715	Irred.	4
Atl. & St. Law. shares...	1,133,058	......	6
Buff. & L. Huron 1st Mort.	297,600	Irred.	5½
Do. 2nd Mortgage	466,158	Irred.	5½
Do. £10 Ord. shares...	525,130	......	5¼
Canada Atl. 4% Mort.....	1,104,000	Jan., 1955	4
Cent. Vermont 4% bnds..	$10,654,500	May, 1920	4
Det. Gr. Haven Eqpmt. M.	$ 1,969,000	Nov., 1918	6
Do. Cons. Mortgage ..	$2,852,900	Nov., 1918	6
Gd. Trunk Junct. 5% Mt.	£ 194,000	Jan., 1934	5
Gr. T. West. 1st Mt. Cur.	$ 7,165,750	July, 1950	4
Do. 1st Mort. Sterling...	£ 784,958	July, 1950	4
Do. 2nd Mort.	$ 1,500,000	July, 1950	4
Grand Trunk 4% Guar...	£9,840,011	....	4
Do. 5% 1st Preference...	3,420,000	......	5
Do. 5% 2nd Preference...	2,530,000	......	2½
Do. 4% 3rd Preference...	7,168,055	......	Nil
Do. Ordinary	22,475,985	......	Nil

One other point arises in connection with dividends and earnings—the compilation of Grand Trunk returns. The first half year both of 1908 and 1909 have brought disappointment to those who follow Grand Trunk stocks. The result of operations from January to June was distinctly encouraging. Gross receipts had increased moderately, while net earnings showed substantial gains. Then when the half-yearly statement was published the expansion in net revenue for that period was a sum considerably less than that realized during the first five months of the year. The net revenue could not have contracted to the extent it did in one month. The trouble is what are known as the "adjustments" made in the final month of the half year, in respect of which no separate statement is published. What it amounts to, says a Scotch contemporary, is this: "Instead of charging each month with a certain sum for "adjustments," as is done by practically every other railway company in America and Canada, the actual revenue and expenditure are published at regular intervals, and then at the finish, without completing the record, the directors decide among themselves as to how the net revenue balance, which they alone know, shall be applied." The method at present followed leads to nothing more nor less than gambling in the company's capital issues, which assumes gigantic proportions. Another point is that there are always those who get hold of the dividend in advance. Yesterday's offers of stock, amounting to colossal figures, were simply made by 'bears' in possession of exclusive information, who have made a handsome profit out of their knowledge. Such a state of affairs is not in keeping with the status of such an undertaking as this, and, having the remedy in their own hands, the directors ought not to hesitate to apply it."

From these few notes, it will be seen that the Grand Trunk has much to think about. Mr. Hays has a big job, but he has proved in the past his ability to handle it. The shareholders must not expect to see all the sunshine break through the clouds at one moment, but anyway a new era in Grand Trunk affairs has begun.

GERMANY AND THE SURTAX.

Last week a missionary of the German-Canadian Economic Association gave Monetary Times' readers some particulars of that organization's work. Mr. Blakeslee, the English advisor of the Association, delicately pointed out that not only does Germany want Canada's trade, but the Dominion desires also a good market in Germany. While this is true, there are several equally as important considerations. Germany is making progressive strides in commercial matters, and undoubtedly sees in Canada an excellent market for the output of its manufactures. Probably, too, it has scented the possible results of the Royal Commission investigating Canada-West Indies trade. Mr. Blakeslee and a literary naval officer, Captain Von Pustau, who is being sent to Canada by a leading Berlin newspaper, are evidently feeling the pulse of Canadian opinion.

The effect of the tariff of 33 1-3 per cent. over and above the general tariff imposed by Canada on German goods since 1903, is clearly reflected in the trade statistics. The surtax was imposed according to Article 7 of the Canadian customs tariff on "articles which are the produce or manufacture of any foreign country which treats imports from Canada less favorably than those from any other country." Germany's percentage of the Canadian import trade has fallen continuously since 1903, as will be seen from the following figures:—

Year.	Decline %.
1903	5.46
1904	3.35
1905	2.66
1906	2.46
1907 (nine months)	2.19
1908	2.27

Captain Von Pustau, it is understood, will endeavor to interview Canadian statesmen in an effort to sound them as to the prospects of better commercial relations. It