



RAILWAYS, like men, have throats.

Like men, they may be choked.

Here for example is Blankville Junction.

The streams of traffic rumbling through this throat are daily growing heavier.

The local official, anxious to keep up the service in his district, asks for, say, \$100,000 to blast out additional yard room and lay new classification tracks. "Yes," admits the Head Office visitor, "You ought to have that appropriation....., I'll consider it."

\* \* \*

Back in Head Office he considers five hundred recommended improvements just as necessary as the extension at Blankville. They would cost ten million dollars. The cost of living for railways has overwhelmed their income accounts.

The disappearing margin between total costs and total revenue makes the problem of far-sighted management increasingly difficult and almost impossible of solution. The fear of choking at throat points is in danger of becoming a real nightmare to officials and a genuine menace to the prosperity of the Dominion.

This is another reason why increased freight rates are necessary.

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#### EXPLANATION OF CHART.

Top line shows the rise of gross revenue.  
Middle line shows the more rapid rise of operating expenses.  
Bottom line shows the downward plunge of net earnings as a result of the rise in the middle line—Operating Expenses.

