In 1871 there were 2,695 miles of steam railways in operation in Canada. In 1905 there were 20,487, an increase in thirty-four years of 660 per cent. The Dominion comprises an area of 3,745,574 square miles, and there are now something like 21,518 miles of Canadian railroad track. This is approximately a mile of track to every 174 square miles, and for every 278 persons. The country is being populated more rapidly now than ever before. One can hardly agree that four Transcontinental railroads will be too many by the time they are built. Only three are in view at present. The writer quoted thinks that when the present roads cease carrying material for those now building their earnings will decline seriously. But the Canadian transcontinental lines will not depend on the carrying of construction material for their revenue. There are markets for more than all we can handle of our illimitable resources. The new lines, in the majority of cases, are opening areas hitherto only partially exploited. Commerce will either be ahead of the railroads, or vice versa. The former has come to pass, and the position is not likely to be reversed. The transportation companies have been unable to remove last year's crop. When the Grand Trunk Pacific is able to assist in this work there will be plenty for all to do.

Of course, bad harvests will affect the railways. This country is no more insured against profitless weather than other favored parts of the world. The assertion that there is not much to choose between the Canadian roads and the Yankee lines is open to question. Only a few weeks ago two leading United States roads were rushing here and there to raise money at five and six per cent. At the same time the Canadian Pacific quietly placed a big block of four per cent. preference stock at par. European financiers are hungry for opportunities to furnish the road with all the capital it needs for expansion. The Canadian Northern has been built with capital obtained more cheaply than the capital for any new system on this continent. The country grows on its lines of communication.

COMPARING INDUSTRIES.

The pig iron production of the Dominion is keeping pace with the growth of other industries. In thirteen years the increase has been about 1,200 per cent., an average of nearly 100 per cent. per year. In 1894 the output was 44,791 tons, and in 1906, 541,957 tons. The production of last year was double that of 1904, when the output was only 270,942 tons. The output per year since 1894 up to last year is given in the following table:—

1894	44,791	1901	244,976
1895	37,829	1902	319,557
1896	60,030	1903	265,418
1897	53,796	1904	270,942
1898	68,755	1905	468,003
1899	94,077	1906	541,957
1900	86,090		

Last year there were thirteen blast furnaces in operation, and in 1905 there were thirteen during the first half of the year and twelve during the latter half. The outlook this year is exceptionally bright, and when the immense iron ore discoveries around Port Arthur are developed an output of at least half as much again as that of 1906 may be looked forward to.

It will be many a year before the products of Canadian foundries will approach in quantity and range those of the United Kingdom. But by way of encouragement along the road of expansion it is useful to notice what is being done across the Atlantic, not so much in the methods of output as in attested annual statements of profits and dividends. The latest mail brings details of nine leading companies whose products range from the armor plates, guns and ships turned out from steel of their own manufacture by Vickers, Sons & Maxim, to the gas engines constructed by the famous Manchester firm of Crossley Bros. the kitchen ranges of John Wright & Company, and crude steel by the Barrow Hæmatite Company. It is interesting to note in passing that the Vickers, Sons & Maxim shipyard at Barrow, on the Lancashire coast, is probably the best-equipped shipyard in Britain, and that the town, where it, as well as the Barrow Hæmatite Company is located, was less than a generation ago afflicted with grass-grown streets in proof of the destruction of its early hope that it would become a great centre of iron and steel manufactures.

Of nine companies, seven reported considerably increased profits and four paid larger dividends. There were two reductions in earnings, but no case of a reduced dividend. In the aggregate, the nine companies earned during 1906 a net profit of £1,407,388, which, compared with a total of £1,218,956 in 1905, is an increase of 15.4 per cent. The year 1905 was itself better than its predecessor, but, though the results for 1906 are as regards profits alone very good, they do not indicate that there was anything in the nature of a "boom" in the engineering trades. The following is a statement of net profits and dividends in 1906 as compared with 1905:—

I.—Net Profits and Dividends.

Company.	Net Profit. £	Dividend. %	Net Profit. £	Dividend. %
Barrow Hæmatite Steel	49,182	2½	35,002	1
Beyer, Peacock and Co.	56,863	10	20,944	†
Crossley Brothers	92,990	11	85,620	11
Harvey United Steel	100,906	15	118,712	15
John Wright and Eagle Range	54,113	20	54,785	20
Measures Brothers	15,527	5	9,040	†
Swan, Hunter, and Wigham-Richardson	107,226	6¼	67,710	5
Vickers, Sons & Maxim	879,905	15	787,778	15
William Jessop & Sons	50,676	8¾	39,365	8¾
	1,407,388	....	1,218,956	....

Here is a statement of profits used otherwise than for dividends:—

Company.	Applied to extensions, reserves and depreciation. 1906. £	1905. £	Total Reserves. £
Barrow Hæmatite Steel	39,735	17,214	50,000
Beyer, Peacock, and Co.	26,607	1,779	35,446
Crossley Brothers	nil	nil	100,000
Harvey United Steel	70,000	70,000	180,000
John Wright and Eagle Range	8,000	10,000	33,000
Measures Brothers	2,105	2,252	21,055
Swan, Hunter, & Wigham-Richardson	64,376	50,634	40,310
Vickers, Sons, and Maxim	250,000	137,457	nil
William Jessop and Sons	23,500	10,000	42,500
	484,323	299,336	502,311

There is considerable difference in methods of allowing for depreciation. Some companies deduct depreciation before arriving at their net profits, and others deal with it in the distribution of their earnings. But the general practice is to make large allowances for depreciation, which explains the apparent smallness of some reserve funds. Vickers, Sons & Maxim, for instance, have no reserve fund at all, but an amount of £765,311, formerly accumulated, was devoted to writing down the item of good-will and patent rights. The good-will of a business earning £880,000 per annum is equivalent to a reserve fund of large amount. The Harvey United Steel Company also devotes very heavy sums to other purposes than dividends. Last year it returned half its capital to the shareholders, wrote down

† On Preference shares only.