what articles there are that we would certainly find a market for, and to better advantage than at present. Then, further, let them reflect what other branches of industry we have now, or are in a fair way of having, which under annexation or a Zollverein would be summarily extinguished. The dwindling amounts of our British imports above recorded, showing a falling off of nearly two-thirds in five years, while American imports are seen to hold their own, and even to increase, during hard times in Canada, ought further to startle those old country sleepy-heads who are dozing away in the pleasant conceit that all that is necessary for them to retain a large Canadian trade is—for Canada to avoid Protection. In the first year of the series the imports from Great Britain exceed those from the United States; in the last year our American imports are nearly *three times* as much as those from the mother country. Now let our English friends tell us what policy there is in suppressing Canadian manufactures for the sake of benefitting, not themselves, but the people of the United States. And let them show how the interests of the Empire are to be promoted by building up American manufactures at the expense of Canada. To English interests as affected by the new Canadian policy I hope to come more immediately in my next.

Argus.

THE GRAND TRUNK RAILWAY.

On the first day of this month the Riviere du Loup section of the Grand Trunk Railway was to be handed over to the Government of the Dominion, and the money received for it will be expended in acquiring a western outlet for the Grand Trunk towards Chicago and St. Paul, and giving it access to all the trading parts of Michigan. This may be taken as a new point of departure in the development of the railway, and affords an opportunity for reviewing its history and prospects.

During the last five years—the period covered by the present management—successes have been won and difficulties overcome, which, could they have been foeseen, would have appeared impossible. It is true that there have been times when Grand Trunk stock was higher in the London market, and when it was in a better standing as to raising capital there, but the change in the position is due to the fact that capital was raised on promises which have not been fulfilled—not because they were unreasonable, or dishonestly made—but because of the serious competition which has grown up since then. By the extension of the American and Canadian railway systems, duplicate lines have been built to compete for the same traffic, thereby reducing the rates to one-half, and often to one-third, of what they were a few years ago. There has been a large increase in all kinds of freight traffic, but a corresponding decrease in all rates. No dividend was paid up to 1874, and, of course, no dividend has been paid since then, but this is the important point to notice, that double the work is done, and the running expenses have not been increased.

Any one acquainted with the Montreal *Witness* will not accuse it of being in any way partial to the Grand Trunk, yet it says of this summer's passenger train service: "The enterprise of the Grand Trunk Railway is worthy of commendation," that trains "are run faster, in one instance by two hours, than last summer, *when the time was considered marvellously quick.*" It is a fact that the passenger trains have never been run with greater regularity, and the service given to the public was never more satisfactory. During the last few years excursion trains, carrying passengers at low fares, have been run almost daily in the summer over some parts of the line,—a thing quite new in the history of the line. Apart entirely from the loss occasioned by the reduced rates in merchandise traffic is the decrease in the business carried by passenger trains. The reports shew that the train mileage for the year 1873 was 2,034,749; for the five years, 1874 to 1878, 10,558,873; or an average of 2,110,774 train miles. The receipts in 1873 were $2,907,030; in the five years, $13,836,814: or a yearly average of $2,767,362. The difference may be counted as actual loss, as in the figures quoted the train service shews an increase in the number of miles run to obtain the excursion business, without which there must have been a much larger diminution in the passenger receipts. The loss in passenger earnings may be attributed, for the most part, to the hard times through which we have passed. Fierce competition has occasionally raged for a time in the through American business; but this, unlike freight, has not entailed the running of extra trains, and it has probably been somewhat of a benefit to the Grand Trunk in bringing to it a large accession of through business to fill partially occupied cars. At most, it could but add an additional car to a train capable of having still more attached with very little extra cost. This has more than counterbalanced the reduction in fares brought about by competition, while the American lines, carrying so much greater a proportion of the through business than the Grand Trunk, have suffered by having nearly the whole of their receipts depleted.

Competition has also had the effect on the American railways—by what is termed "scalping"—of seriously interfering with the local traffic in the districts traversed by the trains which convey the through passengers. The principal loss in Grand Trunk passenger traffic as compared with previous years is in consequence of the diminution of business between local points, both for the portion of the line in Canada and the United States; but this is only temporary, and when renewed activity in general trade occurs this difficulty will cease to exist, and even at the present time the weekly earnings shew a considerable improvement on the returns of last year.

The volume of passenger traffic between old locations has not materially increased in the districts in which new lines have been built, but a great injustice has been done by the construction of parallel lines, which have been aided by Government grants. In one instance, the Ottawa and Quebec Railway, built and equipped entirely by the Government, took away from the Grand Trunk Railway and the Richelieu & Ontario and Ottawa River Navigation Companies' steamers—all of which were private undertakings—a considerable portion of even the small revenue earned by them in the thinly populated districts through which they are operated.

The following figures—taken from the able report of the Massachusetts Board of Railway Commissioners—show the position and passenger earnings of a few of the leading railways in the United States, situated in districts most adjacent to Canada. The earnings of the lines in that State in the year 1873-4 were $15,872,687, while in the four years after they were $56,537,680, and in the last year only $12,949,970. The average decrease is $1,738,267, or nearly 11 per cent.; the decrease on the last year was $2,922,717, or nearly 18½ per cent. as compared with 1873; whilst the Grand Trunk has had only a decrease of less than 5 per cent., comparing the yearly average for the five years with the receipts for 1873. The last year's passenger returns for the New York Central, Lake Shore, and Michigan Southern, and Michigan Central Railway—the three Vanderbilt lines—show a falling off, as compared with the year 1873, of $3,108,372, equal to 22 per cent. decline.

Between local points in Canada merchandise has been carried at such low rates that even in these depressed times business has been conducted which would have been impossible but for the facilities thus afforded. The simple fact is that the high state of efficiency and the splendid organisation of the working staff have—since the change of gauge to 4 ft. 8½ in., which took place in 1873—enabled the Company to do double the work in the movement of goods which it could perform under the old gauge of 5 feet. 6 in. when all the traffic interchanged with American lines had to be either transhipped or conveyed in changeable gauge cars, the nature of the construction of which made them do serious injury to the road-bed of the line. The statistics of work done will show the results which have been reached in the quinqennial period from 1874 to 1878.

In the years 1872 and 1873 there were 433 and 442 million tons moved one mile, and the rate obtained in the latter year was one and forty-six hundredths of a cent. In the year 1878 the work done reached 785 million tons carried one mile, and the rate earned on it was a little over three-quarters of a cent. per ton per mile. If the five years traffic had been carried at the rate of 1873, it would have given an additional net revenue of over *nineteen million dollars*, or nearly four million pounds sterling. The reduction in rate has been entirely at the expense of net revenue, which would have been available for dividend. This amount is equal to the present market value of the entire G. T. ordinary and preference stock, exclusive of debenture debt, and would have paid an average of two per cent. per annum for the five years on the par value of the ordinary stock, and an average of nearly four and a-half per cent. per annum for the same period on the 1st, 2nd and 3rd preference stocks. As £7,500,000 of the ordinary capital stock was issued at 20, the two per cent. really means 10 per cent. per annum to the original investor. The constant watchfulness maintained in working the line has resulted in a reduction of the working expenses, which have decreased from £1,584,755 ($7,712,474) or 82.30 per cent. in 1873 to £1,376,010 ($6,696,582) or 76.23 in 1878.

To make another comparison of the working expenses of 1873 with the period since, it will be necessary, for the sake of illustration, to arrive at the gross earnings which would have accrued on the whole movement of freight traffic at the rate obtained in 1873, and apply the actual working expenses for the five years, which will give the result of reducing the percentage from 82.30 in 1873 to 55 per cent. in the five years,—a decrease of nearly 27½ per cent. Even upon the *actual* earnings of the five years reduced as they are—the rates have been a little more than one-half of those obtained before—there is a decrease of 6 per cent. in the working expenses. The decrease of 27½ per cent. would be a partially fallacious conclusion. In fairness it should be stated that the working expenses cover all descriptions of traffic under one head. If the traffic could be divided, and it could be shewn of what kind of freight the increased business done has consisted, I think it would be found that it is mainly in what is termed the through traffic coming off other lines and going to other lines, off the Grand Trunk system, which traffic is not "handled" at all on the Grand Trunk; and if this accounts for the large increase, it is necessary to explain that the least possible labour is entailed on an intermediate line (like the Grand Trunk or Great Western in their present position) in the movement over it of this *through* business. With a railway prepared to do business on an extensive scale, few additional men are required at any of the stations along the route, no loading or unloading of cars is undertaken at either end of the line where it is received from, or handed to, foreign