

has produced a very large increased amount of annual gross traffic. The increased traffic has been carried at a smaller per centage of working cost, proving that additional traffic produces an enlarged proportion of net profit.

It is right to remark that the traffic during and since the war in America has been somewhat swollen by the higher rates charged in consequence of the depreciated value of the currency in which the through traffic has been paid for; but the expenses have been increased in even a larger proportion, owing to the high price of both labour and material. Mr. Welles, the Special Commissioner of Revenue of the United States, whose report was laid before Congress this year, states "that the average increase in the price of labour since 1890 has been about 60 per cent" and of commodities, as already stated, about 90 per cent."

The increased prices of labour and materials still continue with a similar outlay but the rates of freight have during the last 12 months been less than they were during the continuance of the American war—so that the rates received have not increased with this extra cost of working the traffic.

The board ought also to remember the entire change in the position of our railway as the main continental route of the now confederated provinces which the Imperial legislation of the last few weeks has brought about. We have now to set to work to enlarge our carrying capacity and to strengthen and improve our road so as, as soon as may be, to establish it as the main route between Europe and the West.

I repeat that I have not the slightest hesitation in recording my conviction of the certainty that an outlay of £200,000 within the next two years for additional plant would produce equally beneficial results as regards both gross traffic and net profit, as has been the case with the increased plant upon the line between 1892 and 1893.

I know how difficult it is to deal with such a case, but I have every confidence—from the figures which I have already referred to and from my knowledge of the traffic of Canada and of the "through business" which it is urgently and persistently pressed upon us—that the providing of £200,000 worth of additional rolling stock would within a reasonable time raise our weekly receipts—which in the last five years have risen from £17,740 a week to £26,002—to an average of £32,000, or, say, £6,000 a week, against a rise of upwards of £8,000 in the last five years.

This would produce an annual income of £1,680,000, and, taking the ordinary expenses at a rate, with such a gross traffic, as high as 55 per cent, would yield a net profit of £748,800.

There are two further important questions to be considered, viz. the loss on American currency, and the outlay for renewals of the permanent way.

In regard to the question of currency, we have lost since the commencement of the American war an aggregate sum of £200,000, the amount for last year being £26,002 or nearly enough to pay the full year's interest on the 2nd and 3rd preferences. How long or to what extent this temporary burden will press upon us in future it would be idle for me to discuss. It is a most distressing fact, and unfortunately involves not only a heavy loss upon the conversion into sterling money of a portion of our daily receipts, but is also the cause, as I have just explained, of a very heavy addition in the price paid for labour and materials, both in our working expenses and our annual outlay for renewals.

The rates charged for the "through traffic" and the local traffic carried on the parts of our line lying in the United States have been raised as far as possible during the last five years, but to nothing like the extent of the depreciation of the currency in which the railway fares were paid. Our rates for "through traffic" are necessarily dependent upon those charged by other lines in the United States, and their rates are in important localities controlled by legislative maximum limits, which restrictions the State Legislatures have refused to alter to meet the depreciated value of the currency.

It may be well to give here a few facts in regard to the operations of neighbouring American railways, as regards the effect upon their working expenses, of the great rise in the price of labour and materials.

The Pennsylvania Railway Company, the main artery of that important state and which has a very heavy traffic per mile, expended in the year 1895 no less than 73 per cent of its gross traffic in working expenses. The rate of working in 1896 was even heavier.

On the New York Central Railway the cost of working in 1891 was 63 per cent, whilst in 1896 it was no less than 75 per cent.

On the Michigan Central similar results are shown, the expenses on the same mileage being in 1895 more than double what they were in 1891.

On the Eastern Railway of Massachusetts, which runs through the same locality as part of the Grand Trunk, the per centage of working charges rose from 51 per cent, in 1893 to 68 per cent in 1895.

The Erie Railway Company, in the State of New York, exhibits similar results, the expenses being in 1895 considerably more than 70 per cent of the receipts.

Whatever reduction takes place in the discount on "greenbacks" will reduce our loss on our receipt and lessen also our working expenses in those parts of our railway which lie within the United States.

As to renewals, I find that the charge to revenue for the last three years has averaged £141,200 per annum. To properly maintain the 1,377 miles of railway now worked by the Grand Trunk Company will, I consider, require an outlay annually for the next three years of £15,000, assuming prices of labour and material in the United States to remain at their present rate. If these prices, by a resumption of specie payments return to the standard which prevailed before the war, an annual outlay would probably be reduced, without altering the quantity of work to be done, by about £14,000 to £13,000.

It is well known to the bond and stockholders that the experience derived from the actual working of a railway in a climate so severe as that of Lower Canada has proved that portions of the Grand Trunk line were

originally constructed, as regards ballasting, drainage, quality of iron, and the mode of fastening the joints of the rails, in a manner less substantial than actual experience has shown to be required. Under these circumstances, the outlay for maintenance and renewals has been necessarily large. Now that the Intercolonial Railway, to connect our line with Halifax is not only sanctioned, but required to be speedily completed by an act of and under provision made by the Imperial Parliament, it is clear that the time has come for making the necessary preparations for accommodating the traffic to be brought by that railway, and especially upon the 20 miles of the Grand Trunk Railway between Montreal and Rivière du Loup.

In regard to the question of the rails best adapted for a climate so severe as that in which the greater part of the Grand Trunk Railway is situated, there can be no doubt that if the finances of the company would permit of it, it would be true economy to relay the line in future with steel rails. Experience has proved, both in England and America, that whilst iron rails of the best description will only last from seven to nine years, steel rails will last at least six or seven times as long, in addition to the much diminished risk from breakage, which is so serious in a severely cold climate like ours. It would most unquestionably be very greatly to the advantage of the company in respect to the cost of working our traffic if future renewals were done with steel instead of iron rails—the difference in the cost of the two being charged to capital.

It seems unfair to burden a revenue—kept down by the want of sufficient plant to develop itself and depleted by the temporary derangement of a currency in which a part of its daily earnings are of necessity received—with an outlay for renewals greater than they should be but for the circumstances already mentioned. The suggestion therefore—that an amount somewhat equivalent to the yet unsupplied extent of the original deficiency in the outlay for the construction of the line should be applied to the relief of the present heavy expenditure for renewals—seems to be a simple act of equity to the bond holders, if it is combined with a general scheme for supplying the company with sufficient plant to enable it to earn an amount of net revenue which will gradually put an end, by the payment of cash dividends, to the present addition to the nominal capital of the company by the issue of certificates for interest which is not earned.

RIVER NAVIGATION.—The river boats are now making their regular trips, and the accommodation this season will be superior to anything we have heretofore had. The "Rolund" leaves Port Huron every morning at 7.15, and Sarnia at 7.30, arriving at Detroit about 1. She leaves on her return at 8 o'clock, arriving here about 10. The new steamer "Marine City" and "Alpena" leave Detroit four times a week for Lake Shore and Alpena, touching at Port Huron as they pass. The "Susan Ward," "City of Toledo" and "City of Sandusky" form a daily Saginaw line. The "River Queen" runs daily between Algonac and Port Huron, arriving at the latter port every day at 11, and returning at 3 o'clock. On the Canada side the "Sea Gull" runs daily between Sarnia and Sombra, arriving here about 11 A.M., returning about 3 P.M., calling at all the ports on the Canada side. She goes to Wallaceburg twice a week. The propellers "B. F. Wade," "City of Boston," &c., will form a line from this place to Chicago and Milwaukee, as heretofore. The former started from Point Edward on Tuesday, and the two latter arrived there the same day, being the first boats through the Straits of Mackinac this season.—*Sarnia Observer.*

BIRMINGHAM MARKETS.

BUSINESS prospects are not more satisfactory than of late. On a hands operations appear to have been checked, and there is no present sign of any large contracts being undertaken in the immediate future, which might reasonably be expected to impart vigour to the Hardware branches. The orders distributed by the Factors on account of the new quarter are generally insignificant, and show how flat the country trade is in almost every direction. Shopkeepers will not augment their stocks—many of them find it a matter of serious difficulty to pay for the goods which have been for months lying in dust and unproductiveness on their shelves, and the number of failures among the retail dealers in provincial districts is increasing. The Continental Export Trade is far from brisk. There are some special shipments to the Canada's going on just now, but the Spring requirements for that quarter have been meagre, and nearly all Birmingham houses complain that the Canadian Trade has been much below the average. The American trade is falling off, and in New York at this moment there is a glut of British manufactured Hardware and Metal Goods. The demand on account of the West Indies is improving.

Of the great industrial staples of this town, the best employed is the Gun trade. In addition to the heavy contracts now in hand for the British Army—that is the "Conversion" of old arms into breech-loaders—there is a tolerably good demand for the best kind of Birding Guns. The Military branch, however, is very brisk, and there are several Foreign Governments in the market, all more or less anxious to get the skilled artificers of Birmingham upon contracts for modernizing and improving the weapons intended to be put in the hands of their soldiers. As lately reported in this paper, a breech-loader on the Chassepot principle has been adopted by the French Government for the use of the Imperial Army. The authorities are pressing on the manufacture of this new weapon with all possible despatch, and inasmuch as the combined efforts of the Imperial and private manufacturers of France are obviously inadequate to the supply of the requisite number of rifles in a given time, much of the work has been sent to Birmingham, and several houses here are

now at work upon the French breech-loader. The edge-tool trade is very languid, and for Builders Ironmongery there is a very limited inquiry. The Tube and Wire branches are not doing the usual amount of business at this season. In the Steel Pen and Stationery Ironmongery trades the demand is pretty good. The Brassfoundry, Cut Nail, and Electro-plate departments are in no respect better off for orders than lately reported.

A special General Meeting of the Shareholders in the Birmingham Vulcan Foundry, Languering, and Railway Plant Company, will be held on Thursday next, at which their own will be proposed to wind-up the Company voluntarily, and it will be sought to appoint a voluntary liquidator, and a committee of the directors to assist him in the process of winding-up. An abstract of the report shows the total loss on the year to have been £489. The concern, it is said, has suffered losses from the Italian war, and the failure of contractors has rendered it difficult to secure the necessary remunerating contracts.

The Metal Market, generally speaking, is less firm in tone, and there is an utter absence of demand. 17c nominal.—*Iron Trade Circular.*

DIRECT TRADE WITH THE MARITIME PROVINCES.—Mr. Richard Blain, of the Dickson Mills, writes to the *Galt Reporter* as follows:—

"I notice in your paper of the 19th inst., a paragraph mentioning a shipment of flour about to be made by Mr. Thomas Stewart, of the Dumfries Mills, direct to Halifax, and the manner in which it is commented upon by several of our papers would lead the public to conclude that it is the first shipment from Galt direct to the Maritime Provinces. Such, however, is not the case, as I have made several shipments commencing in October last, both to New Brunswick and Nova Scotia. It is not a new business from Galt, yet I cannot recommend it very strongly as a very profitable business, owing to the many barriers in the way, which I have no doubt will be removed as soon as our Confederation gets fairly working. I believe the Lower Provinces are doing their utmost to do business with us in a straightforward and honourable business manner, but we must have more accommodation on our Grand Trunk road and not have to rely on Boston or New York. The money matters between us and them, the selling flour on time, and large commissions which they have to charge to guarantee sales are all serious drawbacks, but which will be rectified I have no doubt, in a short time. And as soon as these are all set right, I am satisfied we have got the cure for Reciprocity, Annexation, and a good many other old sores that exist in Canada and will soon be able to do a profitable business with the Lower Provinces."

ARRIVAL OF THE "PANTHEON."—The steamer "Pantheon" arrived yesterday from Liverpool about 20 days, with large quantities of dry goods, a dozen passengers, for this port. She is an iron propeller, and, in the only day on the passage that offered a chance of showing her speed, she ran 275 miles. The "Pantheon" is consigned to Cudip and Silder, and will probably take a deal freight back to England.—*St. John Telegraph.*

QUEBEC AND GULF PORTS STEAMSHIP COMPANY.—We are happy to learn that the preliminary proceedings for taking out the charter for this company are completed, and the shareholders will be called together in a few days to appoint Directors. The steamship "Secret" is nearly complete at Halifax, and will leave for Quebec early in May.—*Quebec Chronicle.*

PROTECTING BRITISH SHIP-BUILDERS.

THE ship-builders of Maine, in convention, have appointed a commission to urge upon Congress at its next session two resolutions, one enabling ship-builders of this country to build ships out of the country, the same to be admitted to registry as United States vessels and be free of custom House and internal tax duties, and the other, repealing the navigation laws so far as to allow United States ship owners to purchase vessels in the cheapest markets, admitting them to registry, thus enabling the country to keep up its supply of tonnage. Inasmuch as the tariff legislation of Congress has killed the ship-building trade, it would seem reasonable that we be allowed to get our ships from abroad. Any ignorance which conceives the idea of making anything out of iron, can get a tariff passed high enough to cover all the natural disadvantages of his experiment, and his own meanness besides, adding the expense to the people all under the pretence of protecting American industry, and creating a home market. But a branch of industry which has grown up itself, and obtained mammoth proportions without protection, and which has already created a home market, is deliberately tarred to death by high duties on iron, steel, copper, hemp and lumber. American ship-builders prospered in former years by reason of their skill. They have been crushed by a system which takes away the earnings of skill in ship-building to reward clumsiness in other trades. The enterprising ship-builder is compelled, for instance, to pay 25c per pound extra for his chain cables in order to give a market to some inexperienced manufacturer who has not the genius to command a market without the aid of a prohibitory tariff. The debate on the Tariff Bill in Congress developed the fact that there was on one maker of chain cables in the country, and no one could tell where his manufacturer was situated. How is American industry profited by a law which enables one chain-maker, who is confessedly carrying on a losing business to drive all the ship-builders away from the Atlantic coast?

A scheme was broached in the last Congress to pay