

tion, an entirely different question would be presented."

"While earnestly desirous for peace and willing to go as far as we can towards securing it, the present and future interests of the company must not be overlooked. I am glad to be able to assure the shareholders that up to this time the company's revenues have not suffered through the existing difficulties and may point to the fact that during the month of March over the whole of which the disturbance extended, the increase of earnings was \$541,000.

"I cannot dismiss the subject without referring to the action of the Grand Trunk company, with whom we have so long been at peace, in aiding our American competitors to carry reduced rates into our territory. We believe the cancellation of the North Bay agreement by the Grand Trunk two months ago was the result of an understanding. The American lines intended to place us at a disadvantage in the coming contest and in view of past relations and the loss of revenue that must result to the Grand Trunk their action was inexplicable.

"But now we turn to something more agreeable. We have had a fairly prosperous year and the financial results, after due provision for expenses of working and ample maintenance, have enabled your directors to make a distribution of dividends at the rate of four per cent for the past year and carry forward \$897,083 surplus to the reserve, and so far as we can see our prosperity will continue and increase. We have never entered upon a new year with so cheerful an outlook. An analysis of traffic on the various sections, main line, branch lines and auxiliary services on the sea, lakes and rivers, shows that practically no mistakes have been made in the development of the system so far as we have gone. Some things have had to be done ahead of time in order to protect the future, and we have had to wait for many vacant spaces on the lines to become productive, but nearly all these are now yielding revenue and practically all branch lines are self supporting. We have been forced to make lines which we did not at the time wish to make, but the results have shown that we have nothing to regret in this regard. Our heavy movement of passengers westward is not all towards Klondike by any means. A great many settlers are going to the prairies of the Northwest from the soil of which gold will more surely come, and many more are going to take farms in British Columbia or work in the big mines of Kootenay. Our reports tell us the area of land prepared for seeding in the Northwest is twenty per cent greater than ever before and development and new industries seem to rule everywhere in the vicinity of our lines.

Your directors are asking your authority to expend a considerable amount for improvements of various kinds. These expenditures have in the past brought a very handsome return, as evidenced in part by a reduction in the ratio of working expenses to the gross receipts to 57 per cent, and the expenditure now proposed will be equally profitable. Your directors are also asking authority to provide adequate rolling stock for the further increase of traffic, which we confidently expect, but the money will not be expended unless the need becomes a certainty. The use of extra heavy locomotives, made possible by improvements in the per-

manent way, has had a marked effect on the cost of transportation, and within a short time only the heavier type of locomotives will be used on our principal lines.

The several proposals in the report were approved, the old board were re-elected, and at a subsequent meeting of directors the old officers were re-elected.

Tariff Changes Few.

Hon. W. S. Fielding delivered his budget speech in parliament at Ottawa on Tuesday. After referring at length to the general business and financial situation, he took up the tariff question. His remarks and the resolution presented therewith, show that the tariff changes this session will be very few and deal principally with the preferential clauses of the tariff.

Mr. Fielding dwelt extensively with the position of the British West India Islands, the imperial concern for their present condition and future welfare, and announced that as an aid to the solution of the imperial problem the government of Canada would extend the preferential tariff to the West Indies, although under the strict limits of the conditions they would not be entitled to come under the preference. The negotiations intimated by Mr. Chamberlain looking towards reciprocity with the West Indies had not gone very far, so far as Canada was concerned, and Mr. Fielding said there was not much to communicate, but without waiting for the completion of these negotiations they proposed to extend the preference to those islands. This announcement was received with cheers.

In a glowing and eloquent peroration Mr. Fielding pictured the peace, harmony and prosperity that existed everywhere in the Dominion. He did not claim that all this was due to the government policy, but if the opposite had been the case the government would have been blamed. Speaking of the acceptance which the government's tariff had met, he quoted the following extract from a dispatch from Mr. Chamberlain: "I desire to add that the action of the Dominion parliament in this matter, though unfortunately its full effect will be temporarily postponed, has been warmly welcomed and appreciated by Her Majesty's government and by the people of this country as a measure which cannot fail to result in material benefit to the mother country and to Canada and weld together still more firmly the ties which now unite them."

Mr. Fielding concluded with the following words: "To-day we enlarge the sphere of that preferential policy, one step more remains to be taken. I believe that step can be taken at no distant day, which shall bring within the operation of the preferential tariff every colony and possession of Her Majesty's empire." (Loud cheers.)

Mr. Fielding spoke for three hours and a half. Hon. G. E. Foster will resume the debate to-morrow.

TARIFF RESOLUTIONS.

That it is expedient to repeal section six of the customs tariff, 1897, and to substitute the following section therefor:

6. The importation into Canada of any goods enumerated, described or referred to in schedule C to this act prohibited; and any such goods im-

ported shall thereby become forfeited to the crown, and may be destroyed or otherwise dealt with as the minister of customs may direct; and any person importing any such prohibited goods, or causing or permitting them to be imported, shall for each offence incur a penalty not exceeding \$200.

FAVORED COUNTRIES.

That it is expedient to provide that section seventeen of the customs tariff, 1897, shall be repealed on and after the first day of August in the present year, 1898, and that the following section shall be substituted therefor.

17. Articles which are the growth, produce or manufacture of any of the following countries may, when imported direct into Canada from any of such countries, be entered for duty or taken out of warehouse for consumption in Canada at the reduced rate of duty provided in the British preferential tariff, set forth in schedule D to this act.

(A) The United Kingdom of Great Britain and Ireland.

(B) The British colony, Bermuda.

(C) The British colonies commonly called the British West Indies, including the following: The Bahamas, Jamaica, Turk's Island, and the Caicos Islands, the Leeward Islands, (Antigua, St. Christopher, Nevis, Dominica, Montserrat, and the Virgin Islands), the Windward Islands, (Grenada, St. Vincent and St. Lucia), Barbadoes, Trinidad, and Tobago, British Guiana.

(D) Any other British colony or possession, the customs tariff of which, on the whole, is as favorable to Canada as the British preferential tariff herein referred to is to such colony or possession; provided, however, that manufactured articles to be admitted under such preferential tariff shall be bona fide manufactures of a country or countries entitled to the benefits of such tariff, and that such benefits shall not extend to the importation of articles into the production of which there has not entered a substantial portion of the labor of such countries. Any question that may arise as to any article being entitled to such benefits shall be decided by the minister of customs, whose decision shall be final.

The minister of customs, with the approval of the governor in council, shall determine what British colonies or possessions shall be entitled to the benefits of the preferential tariff under clause D of this section.

3. The minister of customs may, with the approval of the governor in council, make such regulations as may be deemed necessary for carrying out the intention of this section.

That it is expedient to provide that schedule D to "The Customs Tariff, 1897" shall be repealed on and after the first day of August in the present year, 1898, and that the following schedule shall be substituted therefor.

BRITISH PREFERENTIAL TARIFF.

(D) On articles, the growth, produce or manufacture of the United Kingdom of Great Britain and Ireland, or of any British colony or possession entitled to the benefits of this preferential tariff under section seventeen, the duties mentioned in schedule A shall be reduced as follows: The reduction shall be one-fourth of duty mentioned in the schedule, and the duty to be levied, collected and paid shall be three-fourths of the duty mentioned in schedule A. Provided, however, that this reduction shall not apply