

friend now of five years' standing. Many of us not only sympathized with the irritations to which Japan was subjected in Manchuria, but felt that the Manchurian population would live under a more stable government with Japanese control than otherwise. But the setting up of a separate state there under the late Chinese Emperor is universally regarded as "eyewash". I think I might go farther and say that despite the sympathy Japan had with reference to Manchuria, since her actions in Shanghai there is absolutely none extended to her. Her attitude has probably stiffened such little resolution as the British had to remain there. I know when I was in China more than a year ago I gathered the impression that the British were about ready to leave. We wonder if the Japanese retirement from Shanghai now means that they have more pressing engagements elsewhere. Persistent rumours come from the Far East that in less than fifteen months the Japanese will be in Vladavostok. If that is so, I should say it means a war, and in these days, when war between two great nations begins, it would be a bold man who would attempt to prophecy where it would conclude.

I suppose, Herbert, that one must not write about national politics in a letter; but a rather unsatisfactory session will likely conclude within the next three weeks. We have had the end of the official action regarding the Beauharnois enquiry and Macdougald. The Railway Commission has not yet brought down its report, and it is not to be expected during this session; why, I don't know. Apparently it is not ready, but one would have thought it might have been concluded by this time. The House of Commons Committee is still sniping at Thornton and uncovering a lot of nasty things. They act as if they attached more importance to finding out why his personal expenses were over \$40,000 last year than to the fact that we lost \$60,000,000 or \$70,000,000 last year, and will lose an equal amount this year, on the operation of the road. It is a frightful mess, and reflects most seriously not only upon the Railway management but upon the party which permitted these gross extravagances to continue. There is much gossip as to whether Sir Henry will be retained in the Railway services or not.

Everybody is looking forward with hope to something coming out of the Economic Conference at Ottawa. Everything indicates that the British Government is taking the matter very seriously. But we are not quite so sure that our own people have been equally active in the preparation of their answer to the problems which are to be raised. I feel sure that if nothing comes of it, a spirit of despair will follow fairly soon.

The United States are finding it hard to keep sane. Only last weekend a bill was