

and in other directions. In 1888 the average size of freight trains was 11.75 loaded cars while last year it was 16.31, an increase of 39 per cent; and leaving out the decrease in the price of fuel, the cost of locomotive service last year was less by \$1,149,929 than it would have been at the cost per ton moved in 1888. I doubt if the Company has ever invested any money which has brought a more satisfactory return, and the amounts still required for improvements will, I am sure, produce an equally good return.

Some alarm has been caused by the recent decision of the United States Supreme Court, which is generally interpreted as holding all associations for the adjustment and maintenance of rates to be illegal. If such be the meaning of the decision it is to be regretted, for there can be no doubt of the conserving influence of such associations both in the interest of the public and of the Railways. However, the good sense of the American railway managers may be trusted to find lawful means of protecting the interests in their charge, and I may point out that your Company has comparatively little interest in the traffic within the scope of the several associations, and that we got along very well for many years, indeed, until within a year, outside of them.

The past four years of panic and disaster and depression on this side of the Atlantic have been so full of unpleasant surprises that one may well hesitate about expressing an opinion as to the future, but I fully share in the belief expressed in the report of the Directors that a turn for the better is at hand. The small wheat crop of last year realized to the farmers a much better profit than the heavy crop of the year before and the shortage was felt by the carriers alone; therefore our late losses in earnings should not be taken as indicating unfavourable