The decline is trifling in itself for so immense a system, and in April of last year there was an immense arrearage of old grain to be moved, which was not on hand this year. So that the gross income might have been expected to show less than the usual monthly increase over that of the year previous. But the increase in working expenses is noticeable, for April is not by any means one of the big railway's busiest months for improvement of the roadway, or outside development generally. We begin to understand from a new standpoint, why the astute managers of the systems are allowing the segregation idea to be worked up. It might not be a bad thing to have it made clear that the dividends earned by the railway proper were not especially large, and were declining in face of the demand out west for better terms, and in view of the more disagreeable fact that higher freight rates may have to be charged.

The return of the Grand Trunk Railway of Canada for the same month was hardly so unfavorable, but still the drift was in the same direction. Thus, taking the whole system worked by the company, the gross receipts in April increased by $565,000, while expenses rose by no less than $529,750, so that the increase in the net revenue was only $35,250.

No doubt the high cost of living must be held accountable for the increased working expenses. On the other hand to complete the "vicious Circle" enlarged railway rates materially increase the cost of living for all of us.

FAVOURED NATIONS AND THE PULP DUTIES.

It appears to have escaped general notice in Canada, that the Customs Court of the United States has just decided that under its Treaty arrangements all the nations coming under the Favoured Nations clauses of the General Customs Act are entitled to the same advantages as is Canada under the reciprocal trade proposals of the Fielding-Taft bargain. As it will be remenbered, when we as a nation refused to agree with that bargain, the U.S. Government was persuaded to permit the clauses of the proposed agreement having to do with paper and wood pulp to come into force. Under that decision our paper and pulp have been entering the United States free of duty for the past two years. Other nations protested as was to have been expected, pleading the favored nations clauses in their Treaties There was nothing especially straight-forward in the United States answer given to these representations. President Taft set up the claim against them that Canada was not a nation, and that therefore whatever priviliges were granted to her had no bearing on the Favoured Nations arrangements. This in spite of the fact that President Taft had been trying as hard as possible to formulate a special trade treaty with Canada, dealing with her as a regular nation! There were those in Canada also who during the controversy on this subject just before the general election which turned upon the Fielding-Taft proposals asserted that the favoured Nations could not come in under the proposals.

The matter has been argued fully before the U. S. Customs Court of Appeals which has formally decided that the right of free entry to the States of wood pulp and paper, belongs to all nations which have favoured nation treaties with that country. Whatever rights have been given to Canada, that is to say, are to be enlarged so that all the treaty countries may take advantage of them. They were perfectly right therefore, who said in 1911 that any priviliges the Fielding-Taft proposals won for Canada would have to be extended also to some dozen or so of other countries, with whom Canada would have to compete in the U. S. markets.

This decision means that the United States Treasury will have to refund several hundred thousand dollars collected wrongfully in duties from European nations, in the months during which Canadian pulp and paper has been entering the States free of duty. We see no reason to expect that the Supreme Court of the United States will not confirm this judgement if the matter is carried by the Treasury at Washington to that tribunal. It is not at all unlikely that President Wilson will cancel the exemption granted to Canada altogether, and end the matter that way. The big newspapers in the States are in favor of the free trade in paper from purely selfish reasons as are some other interests. But inasmuch as the ostensible reason for the allowing so much of the reciprocal trade arrangement to remain in force with no "quid pro quo" from Canada in sight, was to show a desire to maintain an open door for us against the day we might change our minds, President Wilson who has a good deal of insight, will probably abrogate these privileges in preparation for entering into new negociations with the Canadian Government for freer trade with this country. It would appear that some scheme is working in the President's brain already which he intends to spring upon the Borden Government at an opportune moment, and a very good way to prepare for it would be to shut our Canadian pulp and paper trade out of his country. Canadians can afford to "stand pat" in the matter since our wood pulp is absolutely needed at present in the States.