

tions, but the reactions which would arise between the proposed new lines and the ones now established would, under proper traffic administration, serve to make them both increasingly productive and valuable.

New Cut-off Line from St. Catharines to Niagara Falls.

Your staff have discussed with me the propriety of the construction of a new cut-off, low per cent. grade, line between St. Catharines and Niagara Falls, and while this doubtless later and especially in connection with the development of the future freight business, will be justified, it is my conclusion that if the Niagara, St. Catharines and Toronto property is acquired, the new line should be made to connect with the Niagara Falls branch of the Niagara, St. Catharines and Toronto line near the foot of St. Davids Street in Merriton for the purpose of operation to Niagara Falls, and the necessary betterments placed upon the present Merriton and Niagara Falls connection to bring it up as near as possible to the construction standards to be established on the proposed new line.

Traffic Investigation by Mr. J. K. Punderford, Vice-President, Connecticut Company.

AS TO INCOME: The civic and industrial developments throughout the entire zone between Bowmanville and Niagara Falls are not unlike those which have taken place in the State of Connecticut. These latter have been under my observation during the past 15 years, having been a resident of that State

during that period. The Connecticut Company practically owns and operates all the urban and inter-urban railway lines in that State. Mr. J. K. Punderford, Vice-President and General Manager of the Connecticut Company, has long been identified with its interests, and at my request you have permitted me to seek his judgment and advice regarding the traffic possibilities upon your proposed radials. I append his letter of May 21, and will be glad if you will consider it as a part of this report.

An epitome of Mr. Punderford's findings is to say that he has checked the canvass made of your traffic returns, and they have his approval.

I find Mr. Punderford brings back the same impression that has become mine since I have studied your traffic situation, namely, that the unprecedented opportunities of your civic and industrial expansion are being retarded due to a lack of proper and adequate transportation facility—proper in the same sense that the present lines are not in proper association with the nature of the transportation required; adequate in the sense that they lack the capacity required.

Excessive Construction Costs.

To-day the construction and operating costs of transportation are all out of proportion to income. We have in the States, as in Canada, watched construction and operating costs steadily rise, while the return for the transportation rendered has until very recently remained unchanged. The natural thought, therefore, is, can this construction be delayed until costs come down?