were for shorter periods, and barely reached half the amount of the downward swings. In spite of call loan rates of 50 to 60 per cent. in the first couple of days, a rise was inaugurated and kept going till the fourth week in January when prices broke on the announcement of the approaching congressional investigation of the Pennsylvania Railroad's affairs. Though money rates in New York did not get very high, other events constantly occurred to prevent a recovery—among them being the political unsettlement in Europe over the Moroccan dispute between France and Germany, and the violent collapse of Kaffir shares in London.

Nothing of moment happening for a month, except a gradual hardening in money, a moderate rally was effected. Then ensued the most important decline of the year. Call money, which rose to 10 per cent. on 2nd April, went up to 30 per cent. on the 5th, causing several violent breaks, and on the 18th came the devastating San Francisco earthquake and fire, with its $250,000,000 loss of property, sending prices on a fresh downward plunge. As May came on, this factor apparently spent its force, and the market began to take heart from the enormous imports of gold—nearly $55,000,000—from London, brought about by the high New York money rates, and also by advance remittances on account of losses by British fire companies on the Pacific Coast. The rise lasted a month, and before it spent itself nearly all the previous decline was recovered.

During June was commenced that extraordinary campaign of dividend increases by leading railroads. On 13 June the "Panhandle" and the Pennsylvania Company raised their dividends 1 and 2 per cent. respectively; Baltimore and Ohio followed on the 20th with 1 per cent. increase. Notwithstanding these and others the reactionary tendency lasted till the beginning of July when the market was taken in hand by a most powerful interest and given the biggest boost of the year. Not even the two disgraceful bank failures in Chicago and Philadelphia were allowed to interfere. Other dividend increases were announced, and the crowning stroke was the declarations by Union Pacific and Southern Pacific—the former raising its rate 6 to 10, the latter starting out with a 5 per cent. rate. These were so much beyond the expectations of speculators that they stimulated a very violent rise of the whole market, which continued till the middle of September, and which is said to have been responsible, more than any other single event, for accentuating the stringency at the close of the year.

The next two movements balance each other nearly exactly. While they were in progress the money market successively grew tight and was relieved, the Banks of England and of Germany both raised their rates.

The principal causes of the important decline at the end were the high rates for money and its scarcity, the peculiar methods of financing a new security issue by the Chicago, Milwaukee, and St. Paul Railway, and an attack by the State of Minnesota on a Great Northern stock and bond issue.

Looking over the whole year it is quite clear that the only thing that saved the market from a serious net decline was what is called the Harriman dividend declarations. Had it not been for them the rise of August and September would pretty certainly have been less. And in connection with the general raising of dividends, though they were perhaps justified by increases in net, the fact remains that after making them, the surplus profits left over are not anything like so large as has been the case in all recent years. It is thought in many cases they were made largely for market effect. In the meantime expenses of operations are heavily increased. By raising the dividends the railroad-financiers have played one of their strong cards. It will be interesting to observe, as 1907 develops, how the same battle between prosperity and tight money, turns.

EDITORIAL NOTES.

Sympathy for the sufferers by the earthquake in Jamaica will take practical form in contributions to alleviate distress and in plans for re-building the business fabric, which has been so unhappily shattered. Sir Alfred Jones, who has taken the West Indies under his commercial protection, and who saw the earthquake, has delivered himself with characteristic courage and optimism as to the future. He says only the depot has been destroyed; the productivity of the island remains, and it is only a question of adapting the business machinery of the island to changed conditions. The earthquake clause in the fire insurance policies issued by Canadian and British offices protects the companies from loss.

* * *

Indeed, though the devastation is about as bad as it could be for Kingston in magnitude, it is very different in monetary effect from that which accompanied the San Francisco disaster. Mr. Heniker Heaton says that 98 per cent. of the houses are destroyed, but that nine-tenths of them were practically unfit for habitation anyway. The Governor describes the population as listless under the calamity. In these two reports lie the pessimism and optimism of the West Indian situation. Nature is prodigal in Jamaica in things other than earthquakes. The great prosperity of the days before free trade in sugar had made the British market independent of the West Indian article, has vanished. For years the cry of the distressed sugar planters has been persistently raised. There have been changes, in cultivation, such as in the extension of banana growing. Assistance of various sorts has been given to the Islands, and times have worn a more cheerful aspect of recent years.

* * *

But where nine-tenths of the houses were such as those described by Mr. Heaton; and where, under peculiar stress, the population becomes listless, it is obvious, the conditions which have diminished prosperity are not altogether the result of outsiders' mistakes, but have something to do with the adaptability and courage of the people. The population is predominantly negro, or of mixed blood. There will have to come to the West Indian Islands some impulsion from outside. It must come from less tropical latitudes, where men are compelled to be more energetic. The delegation from Canadian Boards of Trade which goes to the West Indies next month may be able to turn the Kingston disaster to excellent account, for by seeing in such remarkable relief, the prevalence of bad housing, and of listlessness in the people, a better understanding will become possible of the situation which more trade with Canada may be expected to prove; and great service may more easily be rendered to the strengthening of relations between the West Indies and ourselves upon which so much future interest may depend.

* * *

The problem of transportation which is occupying attention in Toronto is more interesting to the country as a whole than it was when the subject was dealt with here three weeks ago. The question of raising the tracks inside the city and placing them under a specially constituted control is just as important as ever. The arguments in favor of a unity of method and administration are reinforced by propositions for easier exit from the city by the three railways that now use it. The Grand Trunk proposes to skirt Lake Ontario, and so minify, if not destroy, the pleasures obtainable from Kew Beach and Balmy Beach, practically the only two beaches left to the public of Toronto. The Canadian Northern proposed to run a line a very short distance from the shore. The Minister of Railways when the matter came up