

make his opposition a serious matter. But when challenged to prove his insinuations against the Directors he utterly broke down, and his attempt to obtain a committee of investigation did not receive the slightest countenance from the meeting. His proxies too proved to be not one-fifth of those controlled by Mr. Potter and the Board. So far, then, the Directors have triumphed.

The report presented was stated to be one of the worst ever presented by the Company—if not the very worst. There is, however, this consideration, viz., whether the whole truth had been told at all the former meetings of the Company. Nothing is easier, as all experience shows, to put such a coloring on the affairs of a gigantic railway corporation as to make things look reasonably "pleasant" at any particular meeting. Even without any intention to deceive, it is extremely difficult to avoid a certain bias in the determination of the many complicated questions which constantly arise as to items chargeable to revenue and to capital. Very often, nothing but a change of management will bring out the real condition of things. Every manager and every chairman has his own method, his own policy, his own style of management, which of course, as a rule, he will feel bound to defend. If unsuccessful, some reason can be found for it. If the want of success proves chronic, reasons can still be found by any man who is ingenious and will take the trouble to search for them. And it is certain that, under such circumstances, the very best face will be put upon matters. No matter what kind of a corporation it may be—whether a railway company, an insurance company, or a bank—it is always possible to make up statements for an annual meeting in such a manner as to put the management in the best light it is capable of presenting. We know that this was done in the case of the Grand Trunk for years; and excuses and reasons for non-success were abundant at every annual meeting.

Since the retirement of Mr. Brydges, however, there has been a radical change in the composition of the executive in Canada. Power is now distributed instead of being concentrated, and it is very possible that we have presented to us a nearer approximation to the actual condition of things than has been known before. The report is a bad one as was said. But there is some explanation of it. There has been a most bitter competition with the Great Western. This had cost both companies a large amount of money, and the Grand Trunk no less than £30,000. Then Mr. Brydges' calculations as to the cost of relaying the road with steel rails had proved

altogether erroneous. Then there was the old complaint of continued losses by through freight, and the new one of losses by prostration of American business, and by excessive competition with American lines. All these points were dwelt upon by Mr. Potter, and though there were some strong expressions of opinion as to particular points of policy, the meeting sustained the Board and refused altogether the idea of appointing a committee of investigation.

It is questionable, however, if a change in the Directorate ought not to be insisted on. Practically their administration is a failure. It is a rule with most business houses to test every man by results. Heads of Departments are held responsible for their successful working. And in some large concerns, so rigidly is this carried out, that if things have gone wrong by what would be called an accident, the result is still the one thing looked at, and if the results are unfavourable a change is made. It is said that the house of Pollock & Gilmour, the great Glasgow shipping firm of former days invariably dismissed any captain who lost his ship. No matter what the cause was, though it was most clear that he was not to blame, the one thing looked at was—the wreck. This rule may seem unreasonably hard, but there is a large degree of sound sense in it. When men are tested simply and solely by results, no excuses for failures being listened to, they themselves will keep their eye rigidly fixed on results too. It is easy to find excuses for failure. Reasons for non-success in such a gigantic affair as the Grand Trunk Railway could be found under any circumstances. There are always difficulties to be encountered of some sort. Every year develops some exceptional conditions and troublesome circumstances. It is so in every line of business. But one chief element of success consists in the power of overcoming difficulties, and the art of meeting special circumstances as they arise. The successful man is the man who triumphs over circumstances. Stockholders therefore do well to be very jealous of these excuses for non-success; and if such non-success is confessed year after year, that very confession should be taken as a reason for a change. There does not seem to rest the shadow of an imputation on the personal honor of the chairman or his colleagues. They have done their best, no doubt. But their best may not be the very best that can be done. It will always be a weakness that the Board is in England. If the New York Central were managed by a London Board, we fancy it would scarcely hold up in the style it has done. It is not that the Grand Trunk is too large a concern to be well managed. We

have several banks whose business and interests are vastly larger. There can be no comparison between the annual operations of the Bank of Montreal and the Grand Trunk Railway. But the management of the bank has been as signal an instance of success as the other is of failure.

We repeat, then, that a change is desirable, and if the Board consults the true interests of the road they will make way for others that the experiment may be fairly tried.

THE POSITION OF THE NORTHERN RAILWAY COMPANY.

A somewhat keen controversy is now going on with respect to the position and prospects of this Company, and especially with reference to the proposal made to the shareholders to commute their stock. This proposal has been made in view of the fact that the Dominion Government has consented to reduce its lien on the road from a sum of about \$2,800,000 to \$500,000, provided this sum of \$500,000 is paid in cash by 1st of April next (failing which the debt reverts to its original amount) in view also of the very great importance of raising money to finish the extension line to Gravenhurst, to change the gauge to 4ft. 8½in., and to relay the line with steel rails throughout. The Government had these public objects in view in consenting to so great a reduction of their claim, but it is evident that such a reduction may, under certain circumstances, redound almost wholly to the benefit of the stockholders.

The bonded debt of the road amounts to close upon \$3,000,000, divided into first, second and third preference bonds. Upon these interest has been regularly paid for years. The Government debt, before the reduction, amounted to about \$2,800,000, in addition to which there are floating debts carrying interest, such as bank accounts, etc., amounting to probably \$150,000 or \$200,000 more. It is to be regretted that in the annual statements of the Company for 1873 and 1874 no balance sheet of assets and liabilities is given; we have, therefore, to go back to 1872 to get the above figures.

The total interest-bearing debt of the Company is therefore about (apart from the reduction named) \$6,000,000—which at six per cent. would require a net revenue of \$360,000 to meet. The net revenue of the Company has never approached such a sum as this, and the Company has paid no interest in cash except to the bondholders. Dividends to stockholders appear to have been out of the question. But if the debt of the Government is reduced from \$2,800,000 to \$500,000, a serious obstacle in the way