THE GRAND TRUNK FROM AN ENGLISH POINT OF VIEW.

ANOTHER sheet of accounts similar to those presented in late times will probably appear for the past half-year. The Equipment Mortgage interest and the rents will of course be paid in cash, including the working engagements. There will be bitter disappointment unless the First Preference receive their interest in cash, but the profits may not go further. The Second, Third, and Fourth Preferences may still have to put up with paper interest.

It is curious to observe how contentedly most Second, Third, and Fourth Preferences acquiesce in the First Preference taking cash while they themselves go without, but this phenomenon is not without satisfactory explanation. The fact is the holders of the after Preferences mostly hold also in the First Preference Bonds, so that if the First Preference received no interest in cash, the holders in question would have no money interest at all from their Grand Trunk investments. Moreover, if the First Preference were stript of their cash interest, the Second, Third, and Fourth Preference securities would fall, along with the First, to a much lower position in market value, and all classes in the Company would feel sorely vexed.

Paying the First Preference seems to be regarded as a sort of compromise between the various classes, a compromise in which right is respected as well as the interests of the parties, for it is admitted that the First Preference are as first mortgagees, having the first claim upon the income, and not to pay them would be lamentable indeed.

It is extremely unfortunate that the Grand Trunk cannot do more than it does in the way of satisfying the just claims of the parties who found the money for its construction. The whole capital which concerns the Company, commercially estimated, amounts to about £15,000,000. The annual gross revenue of the Company already reaches £1,350,000, and yet only about £350,000 a year is distributed amongst the holders of securities. The rents (including the worked lines and certain small interest charges) are paid, and absorb about £200,000 a year; the Equipment Mortgage £30,000 a year, and the First Preference £115,000. In all (say) £350,000 a year, the rest, the £1,000,000 a year going as working expenses (including the heavy item of renewals), excepting something to the postal and military bondholders. Canada, we may say, gets £1,000,000 out of the £1,350,000 per annum earned as gross traffic yet Canada is crying out for more, and complaining, if we understand the complaints aright, that every shilling earned on the line is not spent on the line. She seems to be indignant that any class of capitalists in the Company should think of drawing interest until the whole line is put in first class order. According to this view of the case the first and only duty of the Company is to benefit Canada.

We admit that the Grand Trunk railway is but partially renewed and improved to the extent to which it is necessary, but while renewing and improving at a wholesale rate the Directors must consider to some extent the claims of parties in the Company, and in fact they are bound to pay the rents, &c., and the Equipment Mortgage interest. They could certainly (until the end of 1872) strip the First as well as the Second, Third, and Fourth Preferences of their cash interest, but in that case they would give great dissatisfaction at home, and involve the Company in a sea of trouble and internal dissension. No, we are content, if we may so say, to give Canada £1,000,000 a year out of the £1,350,000 earned, but not exactly all of it.

If the Grand Trunk had plenty of capital, we doubt not full 45 per cent. of the £1,350,000 annual revenue would be divisible as genuine profits amongst the capitalists in the Company, as far as those profits would go, and they would go so far that the Fourth Preference would be nearly completely satisfied. In our judgment the Company are spending from £150,000 to £200,000 a year in permanent improvements, &c. This operation continued for a few years will bring the Grand Trunk out very much as the Great Western of Canada has come out after its renewing.

In the depressed circumstances of the Grand Trunk, the wisest and most benevolent course would be to raise the much needed capital, and let go all the revenue profits to the several preferences in their order; but it is very well to talk thus—how are the Company to raise new capital? Unless the Government of Canada will do something the Grand Trunk must do what they have to do out of revenue, but if the Company were supplied with sufficient capital the new work would be done much quicker, and it would be all the better for Canada.

If £200,000 a year is spent on the Grand Trunk in permanent improvements of the way, &c., and if this £200,000 really comes out of the pockets of the Second, Third, and Fourth Preferences, be it remembered that these Preferences receive their fixed rates of interest in paper, that is the Second Preference in so much Second Preference Bonds, the Third Preference in Third Preference Stock, and the Fourth Preference in Fourth Preference Stock. If they want money interest they can sell their paper dividends, but only at a great sacrifice, which would be still greater if the First Preference cash interest were stopped. Paying the First Preference has the effect not only of keeping the First Preference up to a decent price but of dragging up the after Preferences to prices higher than if all the Preferences were uncovered. The First Preference would certainly be much higher than it is if the after Preferences were paid, but it would be much lower than it is if it were left without cash payments and with a fall in the First Preference there would be a fall in the after Preferences.

If the Company continues spending £200,000 revenue profits on the line and stock for the next four or five years, the line, &c., will doubtless be in admirable condition by the time the Halifax line is opened, and then the Grand Trunk will be a good property—but it cannot be this good property, it may even remain a miserable one, unless money is spent in effecting substantial renewals, &c.

It may be that this renewing can hereafter be done, paying the Second and even the Third Preference in cash, at the same time. It is a question of traffic increase.

We have written the foregoing under the impression that the Second Preference will not have cash for the past half-year. We have, however, no certain knowledge upon the point and shall be only too glad if we are mistaken, and the Second as well as the First are paid.

In the first half of last year the First Preference were paid. In the second half of the year the traffic is £80,000 or £90,000 more. How comes it then that the weaker half of the year pays the First, and the stronger does no more? The answer, we imagine, will be found mainly in one item of charge—the renewals of the permanent way. Only £26,286 was the charge for these renewals in the first half of last year, but as £100,000 a year for renewals of the line is supposed to be about the right figure we shall not be surprised to see nearly three times £26,286 in the past half-year's accounts, and if so we shall be surprised if more than the First Preference receives cash—if those below the First Preference are so paid.

We may remind our readers that the past (December) half year has been a remarkably dull one, and had it been brisker the Second as well as the First may have been paid; that in the corresponding December half of 1865 not even the First Preference was paid, and therefore it is an improvement to pay on this occasion the First Preference.

We also recommend them to study the following paragraphs in the Directors' report for the second half of 1865, it gives an insight into what the Company are really doing. [Italics ours]—"The course which the Bond and Stockholders have permitted the Board to take in reference to *devoting the net profits* for a short period, *to works of improvement, conservative of the property*, has mainly enabled the board now to announce that with the exception of the bankers' balances in Canada, covered by securities, the undertaking was on the 31st December last *free from liability, or debit to suspense account*, while the *net revenue* [these italics are the report's] *alone has now paid for the whole ordinary and extraordinary renewals* undertaken since 1861, *amounting in total to a sum of no less than £526,865*."

Consider this—also the following in the same report—"It is to be observed that, *but for the extraordinary charge against revenue for renewals*, exceeding the estimate of past years by over £100,000, and the loss on American currency of £59,000, a sum of say £160,000, would have been available for division on the Preference Bonds and stock—*sufficient to pay the full half year's interest on the First, Second, and Third Preferences, and a fraction over one-and-a-half per cent on the Fourth Preference Stock*. It must, however, be expected that *the cost of renewals will be considerable for some time to come*. Suggestions have been made to the board in reference to the terms on which *additional capital* should be provided in order to secure the more rapid development of the revenue, *and to obviate the necessity of further interfering*, by renewal debits, *with the profits available for interest, upon the Company's bonds and stocks*. These suggestions are now under consideration." The suggestions in question, we believe, never came to anything. If new capital could be raised, upon moderate terms, we should see all the Grand Trunk securities at a high price, compared with that at which they now range, for then the profits would go amongst the Preference holders, and no large proportion would be used in renewing and improving the line, works, &c. But at present there is no hope of such capital being raised.

The course the Company are now taking is sound, and will bring it out a flourishing concern at a future date, but doubtless it is not very agreeable to Second, Third, and Fourth Preference-holders to be without cash dividends.

The real position of the Grand Trunk is very little understood, and perhaps never will be until the full payment of dividends unmistakeably declares it. People read a statement showing why dividend is not paid, but of those who understand it few remember it. All, however, know what dividend is, and appreciate the stock yielding it.—*Herapath's Railway Journal.*

THE LUMBER TRADE—PROSPECTS FOR THE COMING SEASON.

[From the Annual Circular of Woolner and Garrick, Chicago, March 26.]

WE hereby lay before you our annual circular, compiled from personal observations made during extended trips throughout the principal parts of the territory supplying our market with lumber, both in Michigan, Wisconsin, and Canada, and from reports obtained through the most reliable sources.

Our observations in Upper Canada were, that in the first part of the winter the country was visited generally by a heavy fall of snow to the depth of two feet,—this was before the ground in the woods had become frozen. An absence of snow storms for some weeks, during a clear, cold period, finally made a bottom for hauling, and the operations in the woods throughout the country have been carried on with much success.

In the Georgian Bay regions there is still plenty of snow, and logging operations continue to be successfully prosecuted.

While writing upon this part of Upper Canada, it is but justice to say that it contains nine tenths of all pine, suitable for lumber and timber, in the Upper Provinces. Large forests of pine, extending from the shores of Lake Simcoe to Collingwood, and thence northeast to Wabashene, the River Severn, Lake Muskoka, Perry Sound, and with little interruptions around the entire northern shore of the Georgian Bay, embracing many hundred miles.

So large a tract of valuable pine country bordering upon lakes, bays and rivers, all accessible to vessels of the largest capacity, must give to this country superior facilities for lumbering operations, making it a most valuable portion of Canada.

Labor being cheap and plenty, and the pine easily accessible, there is no difficulty during ordinary seasons in securing a full supply of logs at such prices as to make it remunerative, even under the importation tax of the United States.

The anticipated abrogation of the Reciprocity treaty with the United States, at the commencement of the season of 1866 turned the attention of manufacturers of lumber to seeking a market outside of the United States, excepting for the superior kinds with which the United States Eastern markets have to be supplied, to a greater or less extent, in all seasons.

The high rates ruling for all kinds of lumber in the Western States—supplied from Chicago made it a good paying business to all those parties in Canada who shipped lumber to our market last year. This has naturally caused an extension of logging operations in Canada during the present season, and it is fair to presume that the quantity got out for our market is very much greater than in any past year. The quality also is good, the lumber made therefrom running very uniform, and stands high in our market.

The old stock of lumber on hand at this time, in the Eastern United States markets, is understood to be large in comparison with other years, particularly so at Albany, Cleveland, and Toledo.

It has been customary for buyers from those places to make contracts in Canada for lumber during the winter, but so far as our opportunities admitted we did not hear of but one trifling transaction of the kind. This may be accounted for, to a certain extent in consequence of the general prevailing feeling among business men of all classes in Canada, that we must shortly have a commercial crisis in the United States; a fear arising from want of information as to our vast resources and the boundless energy of our people. We therefore look forward to receiving a much larger quantity of lumber from Upper Canada during the ensuing season, than for several years past.

We have not alluded to the timber productions of the Georgian Bay region, as that almost entirely goes to Quebec. But, in justice to that section of the country, we have to state that the quantity of this article got out this season is very large, and considered fully equal to previous years by those competent to judge. This timber is got out from the very choicest of logs, with the four sides slightly hewed off; and, being intended for finishing lumber, or what are called "box boards," the trees are cut of at the first appearance of defect or knot.

From careful observations made throughout Michigan, Wisconsin, and the Green Bay districts, we arrive at the conclusion that the supply of lumber for 1867, destined for this market, will be ample. The sudden and wide spread thaw during the month of February, put a stop to operations and the feeling gained ground that only a very limited crop of logs would be secured. Preparations on the very largest scale had been made, and, but for this temporary check, our market would most certainly have been glutted. The receipts here in 1866 were very close on to seven hundred million feet, board measure and the expectations for 1867 were as high as eight hundred or one thousand millions, an amount far in excess of the probable demand. The danger of overstocking the market has been averted, but the frost setting in again, with an occasional fall of snow, so as to keep the roads passable, has also dispelled the fear that the mills might be idle.

To the best of our belief, the supply from the different points on Lake Michigan will fully reach the figures of 1866, and from the east shore of Michigan the amount of lumber seeking a Western market will be greater than during the previous years. The only place where the total amount produced in 1867 may fall a little short of 1866 is Saginaw, and even there the difference will be slight, if any. The feeling at Saginaw is very healthy, and it is the only point on our lakes where a stock of last year's lumber is on hand—about fifty million feet being piled on the docks there. This has mostly been bought by this time, the larger share for this market, part only going East. The prices here are $7 for culls, $14 for common, and $40 for the three upper grades. This is for dry lumber. For lumber to be sawed sales have been made at $6, $12, and $40.

Our market is better stocked with uppers than with common and culls, and our dealers are not over desirous of purchasing lumber with a too large per centage of clear.

The logging on the Upper Mississippi river has been continuous and very fine, so that a larger crop than ever may be expected from there. This lumber, of course is used almost exclusively to supply the wants west of the Mississippi, and large quantities go as far as St Louis, Mo. However, it is not very rich lumber, not averaging over 15 per cent uppers; and, being all rafted, leaves a large demand for the finer grades of lumber, which is supplied from this market, or from Saginaw direct.

The St Louis dealers buying at Saginaw are only looking for the very best of stock, the freight on the common being too high to make it profitable.

From our observations, we come to the conclusion that the whole amount of lumber from all points (Canada included), seeking a market here in 1867, will be somewhere from seven hundred to eight hundred million feet, board measure, and, from all appearances, the demand will be fully equal to the supply, and we expect a very healthy trade, with remunerative prices.

The condition of our farmers is such that it precludes any probability, not to say possibility, of a collapse or financial crisis during this year. The chances for