

Grand Trunk Pacific Railway.

The ordinary half-yearly meeting of the shareholders of the G.T.R. Co. was held in London, Eng., Mar. 8, and was called somewhat earlier than usual in order to ratify the agreement with the Dominion Government respecting the construction of the G.T. Pacific Ry.

The directors presented a special report dealing with this question which contained the following:—"In view of the great and rapidly growing development of the Northwest Territory of Canada, the Government have recognized the urgent necessity of obtaining increased railway communication with and within that region. It is equally in the interest of the G.T.R. Co., and, indeed, a necessity, to secure for itself a participation in the advantages offered by these provinces. An act of incorporation, promoted by the G.T.Ry. Co., has accordingly been obtained for the G.T. Pacific Ry. Co., and agreements have been entered into between the Government and the G.T.P. Ry. Co. under which a transcontinental railway will be constructed, extending from New Brunswick to the Pacific coast, passing through the most fertile portions of the Northwest. These agreements, which secure substantial advantages to the G.T.R. Co., contain certain conditions which require the approval of the proprietors."

Then follows a summary of the main points in the agreement of July 29, 1903, and the report proceeds:—"It will be noticed in the principal agreement that the G.T.P. Ry. Co. had to deposit, within 30 days, \$5,000,000 in cash or Government securities. That Company was not in a position to make this deposit, and applied to the G.T. Ry. Co. for its assistance. The directors of the G.T. Ry. Co., as an earnest of the intention of that Company to support the scheme, made an interim deposit by allotting to the Finance Minister as nominee of the Government £1,000,000 4% guaranteed stock, this allotment, however, being conditional upon ratification by the proprietors. By the supplemental agreement the deposit is to be made in cash or approved securities, consequently the proprietors will not be asked to ratify the conditional allotment of 4% guaranteed stock, which will therefore be cancelled; but inasmuch as the G.T.P. Ry. Co. will be unable to provide the deposit without the assistance of the G.T. Ry. Co., the proprietors will be asked to give the directors authority to take such steps as they may find necessary to enable the deposit to be made in accordance with the agreements. In pursuance of the agreements, the deposit will be released by instalments when it is shown to the satisfaction of the Government that the rolling stock has been provided, and that only \$5,000,000 remain to be expended for the completion of the western division. It should be mentioned in consideration of the guarantees and other assistance given the G.T. Ry. Co. is to receive the whole of the \$25,000,000 of common stock of the G.T.P. Ry. Co."

The terms of the original agreement were given in our issue of Aug., 1903, and a supplemental agreement dated Feb. 18 has since been entered into. Under this agreement the date for the completion of the western division from Winnipeg west is extended to Dec. 1, 1911; the Company is given power to lease from the Commissioners portions of the Eastern division as completed upon such terms as may be agreed upon; it is provided that the deposit shall be returned to the Company on the completion of the Western division and the expenditure of \$15,000,000 on rolling stock, even if the Eastern division be not then completed, less any amounts forfeited by reason of non-compliance with other terms of the contract, and the deposit may be released by instalments on its being shown that by its application the Western division may be com-

pleted and the rolling stock acquired; that the restriction of the 75% guarantee of bonds to \$30,000 a mile on the mountain section shall not be operative, but that it shall be to the extent of 75% of the cost of construction; that the guarantee of bonds for the prairie section shall be at the rate of \$13,000 a mile; that the Government shall not exercise its rights to foreclosure on account of nonpayment of interest until it should be in default for five years, in addition to the amount which the Company is permitted to defer or capitalize, or from the payment of which it has not been relieved. Other clauses make provision for the taking possession of the line by the Government, and for the subsequent release to the Company when the surplus tolls and revenues shall have paid off all arrears of interest, giving power to sell, or otherwise dispose of the \$25,000,000 of common stock except so far as the 1,000 shares to be held by the directors, and the stock necessary to be held by the G.T.R. to control the policy of the Company; providing for the G.T. Pacific Ry. Co. having running rights for 50 years, on terms to be arranged, at the expiration of the first 50 years, should the Government decide to operate the eastern section itself; providing for the taking over by the Government of any branch lines constructed by the G.T.P. Ry. Co. from the Eastern section at the end of 50 years, if the Government then decides to operate the line itself.

Sir C. Rivers Wilson, President, in explaining the contract, said in April, 1903, he told the shareholders that he believed such a project might be carried through without in any way engaging the credit of the G.T.R. Co. Such was his conviction, founded upon reasonable data, but he appeared to have been over sanguine, as it was found impossible to carry the measure through the Dominion Parliament without imposing some obligations on that Company. The original idea was to construct a line from near North Bay, Ont., on the G.T.R., to the Pacific coast, but the Government made it a condition of granting the charter that the line should be constructed easterly to Quebec and Moncton, N.B., effecting there a junction with the Intercolonial Ry. to Halifax, N.S., and St. John, N.B. As a result of the negotiations certain agreements were entered into with the Government, which were incorporated in an act, and that act together with the act incorporating the G.T.P. Ry. Co. received the royal assent Oct. 24, 1903. These acts, and the agreements confirmed by them, were discussed at length during an unusually prolonged session. The acts provided that the construction of the proposed line would be carried through by a combination or partnership between the Government and the G.T.P. Ry. Co., the latter being supported by the influence and connections of the G.T. Ry. Co. The President continued: "In the meantime a great and unfavorable change had occurred in the financial position of the markets of the world, and the directors, in the interests of the shareholders, came to the conclusion that certain modifications in the agreement were imperative in order to safeguard the credit of the Company. The chief modification was that relating to the conditions which were imposed on G.T.P. Ry. Co. for making the deposit. Negotiations were accordingly resumed, and the result is embodied in the second or supplementary agreement, which, read together with the first agreement, we now submit for approval."

After describing the course of the new line, and the terms on which it would be built, the President continued: "I have alluded to the obligation imposed on the G.T. Pacific Ry. Co. of making a deposit as evidence of its bona fides. This deposit, which was to be made within 30 days of the passing of the act was to consist of \$5,000,000 in cash or Government securities. I am bound to record my

opinion that this was an extremely onerous and unreasonable demand, and I may in passing contrast it with similar obligation on the C.P.R. at the inception of its undertaking, which was confined to \$1,000,000 in cash or approved securities, without having behind it the support of a powerful corporation like the Company now promoting the G.T.P. Ry. Co. This obligation was, however, reluctantly accepted in the early stages of the negotiations. It must have been obvious that the G.T.P. Ry. Co., which had not even been organized, was not in a position within the limited period exacted to make the deposit, and when the G.T.R. Co. was approached for aid in that direction, it was unable to act without first obtaining the sanction of its shareholders for which a certain time was required. In order to show no lack of faith on the part of the promoters, and in order to satisfy the conditions of the contract, an interim and conditional deposit was made by the G.T. Ry. Co. of £1,000,000 4% guaranteed stock, subject to subsequent approval of the shareholders and confirmation by Parliament. The approval, however, of this arrangement by the shareholders of the G.T. Ry. Co. will not be required and the conditional deposit already made will be cancelled. In substitution thereof it is now provided by the supplemental agreement, that the deposit shall be made in cash or approved securities, and the G.T.R. Co. will, subject to your approval, make the necessary arrangements for complying with the requirements of the agreement. The deposit will be released as soon as rolling stock for the equipment of the road has been provided."

The agreements were subjected to a good deal of hostile criticism, an amendment being proposed by G. Allan, son of G. Allan, who had resigned his position on the directorate as a protest against the confirmation of the agreement by the shareholders. The amendment was voted down, and after an explanation of a number of points in the agreement by C. M. Hays, 2nd Vice-President and General Manager, a resolution approving of the action of the directors and confirming the agreement, was passed.

The speech of the Governor-General at the opening of the Dominion Parliament Mar. 11 contained a reference to the approval by the shareholders of the G.T.R. of the G.T. Pacific Ry. agreement, and stated it would be submitted to Parliament for ratification early in the session.

The bill confirming the additional agreement has been formally introduced.

C. M. Hays, 2nd Vice-President and General Manager G.T.R., returned to Montreal from England Mar. 19. In an interview he said: "The G.T. Pacific project will now go through in its entirety so far as the G.T.R. Co. is concerned. The G.T.R. Co. has done its part, it now remains for the Federal Government to carry out its share of the undertaking. So far as we are concerned there will be no elimination in the undertaking. The meeting at which the project was thoroughly discussed was more largely attended than any meeting of the shareholders in recent years, and the utmost interest was evinced on all hands in the scheme. There were no ulterior considerations presented to the shareholders, and they accepted the scheme simply as it had come from the joint conferences of the company and the Government. Regarding the work of construction Mr. Hays stated that the surveys were proceeding, and he expected that construction on the Western section would be begun before the fall. He did not care to say anything regarding the terminals or the routes at present, but said that all the details would be settled in good time."

In the Ontario Legislature Mar. 18 the Premier, replying to a question, stated that the subject of a grant to the G.T. Pacific Ry. was discussed informally on one or two occa-