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Special Articles

- Crop Prospects for 1917.**
By Ernest H. Godfrey, F.S.S.
- A Tax on Individual Expenditures.**
By H. M. P. Eckardt.
- Banking and Business Affairs in the United States.**
By Elmer H. Youngman.
- The Newspaper Inquiry.**
By E. S. Bates.

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The Grand Trunk and the Grand Trunk Pacific

WE print to-day a letter from Mr. A. W. Smithers, Chairman of the London Board of Directors of the Grand Trunk Railway Company of Canada, in which that gentleman states with much fairness the good service that "Canada's pioneer railway" has rendered. While the Grand Trunk Company, like other large corporations, has often come under criticism for its sins of commission or omission, no one can truthfully deny that that company has played a large and valuable part in the development of the country. Indeed, if it were necessary to apportion the benefit which has arisen from the enterprise, to Canada on the one side, and to the Grand Trunk investors on the other, it would have to be admitted that Canada has been the chief gainer, for a very large part of the money which British capitalists put into the Grand Trunk earlier

and received from the Grand Trunk has improved its position, rendering an efficient service to the country, and yielding moderate returns on some classes of its stocks. The Grand Trunk's present troubles arise, not from the operation of its original system, but from the burden which it so courageously assumed in the scheme of a transcontinental railway. When that project was under discussion in Parliament, and much partisan feeling was manifested, the project was often treated as one by which the Canadian people were to give much favor to the Grand Trunk Company. It is well that the public should be reminded of that now, when the fact is so clearly seen that the Government of that day, instead of handing the Grand Trunk Railway Company a prize, imposed on the company conditions of a particularly severe character. How far there has been default on the part of the company, and how far on the part of the Government, in the fulfilment of that contract will probably be a matter of dispute, and no good purpose would be served by here entering into that phase of the subject. But it is clear that in the contract of 1903 the Government laid heavy responsibilities on the company, which, as events have shown, were a source of loss rather than gain to the company.

Some of the critics who were ready in 1903 to treat the scheme as one of undue favor to the Grand Trunk Company, are now seeing things from another side. "It is true," says one writer, "that the Grand Trunk is linked up with the Transcontinental and the Grand Trunk Pacific roads, but this millstone on its neck was none of the seeking of the Grand Trunk Company." Repeatedly, for partisan ends, the view has been expressed that the Grand Trunk Company were obliged by undue pressure to undertake the Grand

Trunk Pacific road. The public have been, in effect, invited to believe that the late Mr. Charles M. Hays, the Grand Trunk General Manager of the time, was a mere child in railway matters, and that the clever men in the Ottawa Government led him astray. That, however, is not Mr. Smithers' account of the transaction. "In 1903," says Mr. Smithers, "Mr. Hays, the then General Manager of the Grand Trunk Railway, was anxious to open up connection with the North West, and proposed to build a line from North Bay to the Pacific. The Government of that day, on being approached, wished, however, to build a second transcontinental line, taking in Quebec, and proposed that a line should be built from Montreal, connecting there with a line from Halifax and St. John by the Intercolonial Railway, through Winnipeg and the Northern part of Ontario to Winnipeg, Edmonton, and a port on the Pacific coast."

Of course, the Grand Trunk Company in 1903 had proposed to build a line from North Bay to the Pacific coast.

the way. But the Grand Trunk Company never proposed to do such a thing, by its own money or credit. It had new schemes in its mind, and it asked the Canadian Government to assist it in a very large undertaking. The answer of the Canadian Government was eminently proper. "Your Grand Trunk system," said the Government, "has its terminus in the United States. That condition may have been unavoidable when you built your road for the old Province of Canada generations ago. There are new conditions to-day. Canada is no longer a Province dependent on an American port for access to the sea. It is a Dominion extending from ocean to ocean. Our present transcontinental line, efficient as it is in most respects, has a weak point, inasmuch as it runs for some distance through a foreign territory. If we are to help you to build a second transcontinental railway, you must make it a real transcontinental, an all British, all Canadian line, extending down into the Maritime Provinces."

The Grand Trunk authorities saw the force of this view, and willingly entered into the negotiations from which came the Grand Trunk Pacific scheme.

Whether at that time there was need of a second transcontinental railway may, in the minds of some people, be a debateable question. More debateable, doubtless, will be the question whether, in more recent years, there was need of a third transcontinental line. Many there are who feel that there has been an overbuilding of railways. Many, however, are encouraged to take the more cheerful view that, notwithstanding the difficulties that have arisen, Canada will soon reap an abundant reward for her courageous if sometimes too advanced railway policy.

Whatever may be thought of the railway question generally, we believe that few who