

shareholders of that company, whereas, according to my contention, the Government and Parliament were even less bound to aid the Grand Trunk than they are now to aid the Canadian Pacific Company. I shall cite the passages in Mr. White's speech to which I take exception: "The Government issued through Lord Elgin, and I presume the Government were to some extent responsible for the utterances of Lord Elgin even in the despatches he sent to the Home Government, issued a paper setting forth the great prospects of this country." Now I positively deny that any colonial ministry can be held responsible for despatches addressed by the Governor-General to the Secretary of State, and which they never see. I have not forgotten that when the Earl of Elgin transmitted the address of the Canadian Assembly, praying for the repeal of the Imperial Clergy Reserve Act, the late Hon. George Brown held the Ministers responsible for an expression in a despatch which not one of them had ever seen until after publication. Lord Elgin, while recommending compliance with the wish of the Legislature, expressed his personal regret that the question should have been re-opened. This, in my judgment, only gave increased weight to his advice, but, at all events, the responsible Government resolutions of 1841 admit that the Governor-General is responsible to the Imperial authorities alone. In the case under consideration Lord Elgin simply wrote a despatch to accompany the blue book, which all the Governors of the various British Colonies were instructed to do annually when they transmitted that volume of statistics. The despatch was, in accordance with custom, published in an Imperial blue book, which is annually laid before Parliament, and, of course, became public property. The promoters of the Grand Trunk Railroad, wishing, doubtless, to give those whom they sought to induce to take stock some idea of the resources of Canada, published this despatch with their prospectus, but neither Lord Elgin nor his Government were ever consulted on the subject.

Mr. White proceeds:—"A prospectus was issued bearing, if not the direct, certainly the indirect, endorsement of the Government of this country, promising to those people in England who should put their money into the Grand Trunk railway a dividend of 11 per cent at least." To the foregoing statement, I give an unqualified denial. Not a single member of the Canadian Government was in England when the prospectus was issued, or was consulted on the subject.

Parliament had authorized the amalgamation of a number of roads, six in number, and the various parties interested, after consultation, determined on the scheme, Parliament having simply pledged a guarantee of £3,000 sterling, or \$15,000 a mile for a portion of the road. In my former letter in 1875 I stated: "It appears by the evidence of Mr. (now Sir Alexander,) Galt, before the Committee of 1857, that he himself, Messrs. Peto & Co., Messrs. Glyn & Baring, Mr. A. M. Ross, the chief Engineer, the Hon. John Ross, Hon. George Pemberton, Captain Rhodes and Mr. Forsyth, were engaged in the preparation of the prospectus." In reply to a question, Mr. Galt stated that "Messrs. Peto & Co. were the parties whom every one regarded as responsible for the carrying out of the enterprise." Mr. White has simply reiterated Mr. Potter's allegation that "the prospectus was issued under the auspices of gentlemen holding the highest offices in the Government, and that the chief Ministers of the Crown were the Canadian promoters of the line." Now I affirm that the proposition to construct the line came from English promoters, that the Provincial aid had been determined on in the year 1849, when I carried an Act to extend aid to the extent of one-half the cost to all railroads of a prescribed length, such loan to be a first mortgage on the road. All this was well-known; but, as it was believed that the Grand Trunk might cost more than £6,000 a mile, the railroad committee of 1852 insisted on limiting it to £3,000, and Mr. Jackson, on behalf of the promoters, agreed to this.

I have only to state, in conclusion, that the Grand Trunk Company had no claim whatever in justice to the postponement of the lien on their line. It was agreed to, because it was desirable in the interest of the Canadian people that the road should be completed. In the case of the Canadian Pacific there is a pledge to British Columbia to construct the work, whereas there was no pledge whatever in the case of the Grand Trunk, which was strictly a private enterprise. It will not, I trust, be imagined that I write this in hostility to the Grand Trunk, nor shall I offer an opinion on the subject of its special complaints as to unfair competition at the present time. My object has been to correct a misapprehension as to the circumstances under which Lord Elgin's despatch was written and published, and also to protest against any responsibility on the part of the Canadian Government for the prospectus. As to the promise of 11 per cent, it should have occurred to railway experts that the deduction of

only 40 per cent for working expenses was manifestly absurd in a country like Canada. I have always understood that the estimate was made by the engineer of the English contractors.

F. HINCKS.

THE GUARANTEE COMPANY OF NORTH AMERICA.

The annual report of the Guarantee Company will be found elsewhere in our present issue, and it is with great satisfaction that we call the attention of our readers to it, believing it to be one of our most valuable institutions. It cannot be denied that a percentage of those employed in positions of trust will from some cause or other become defaulters. In some cases the desire to make money leads to speculation which almost invariably proves disastrous in the long run, although not unfrequently the unfortunate speculators are tempted by success into embarking in operations which they ought scrupulously to avoid. It has long been the practice of corporations and individuals to insist on security being given for those whom they place in positions of trust, but experience has proved that it is infinitely better for all parties that the security should be furnished by a company which lays itself out to ascertain the actual percentage of loss, and is thus enabled to assist both employers and employees in making arrangements for the required security.

The Guarantee Company was originally established with a view to Canadian business, and achieved a success that led its enterprising managing director, Mr. Rawlings, to extend its operations to the United States. It was in 1881 that the Guarantee Company first established agents in three of the States, viz., New York, Maryland and Michigan, and we learn by the last report that Massachusetts, Missouri and other States have been added. We have little doubt that other States will be desirous of the establishment of agencies, as the success of the company becomes more fully established. The company, it will be seen by the report, has had to bear a good deal of expense in connection with State examinations by experts into its financial condition and conduct. We infer from the report that these examinations were caused by the misrepresentations of those who were inimical to the company, doubtless on personal grounds. The increase in the business of the Company since its entering into the United States is astonishing. We submit the results of the business during the last three years, which must be most satisfactory to the shareholders.