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GRAND TRUNK AND GREAT WESTERN AMALGAMATION.

So far as the shareholders of the two companies are concerned, some sort of a union has been formed between the Grand Trunk and the Great Western Railways. The Grand Trunk appears, in fact, to have swallowed up the Great Western. It agrees to give preferences which satisfy the Great Western interests. If the arrangement be in the form of a lease, the Great Western is the lessor and the Grand Trunk the lessee; if it be an amalgamation, the Grand Trunk is the guarantor and the Great Western the recipient of the guarantee. In any case, the Great Western parts with an independence which it had at times despaired of being able to maintain. So much was confessed by the report of the late directors, read at the recent half-yearly meeting. It is evident that the movement was carried out by the shareholders of the Great Western in opposition to the directors. The preliminary steps in the movement could not be wholly concealed from the directors, whose opposition the triumphant shareholders resolved to punish by electing a new Board. After questioning, for a moment, the right of the shareholders to elect a new Board, the old directors resolved to submit to their fate. At first they stated their willingness to adopt the policy which they had unsuccessfully opposed; but they were not allowed the opportunity. What was clearly meant as a vote of want of confidence was carried against them. Indeed the mover, Mr. Abbot, expressly stated that the shareholders were unwilling to leave the direction in the hands of the old Board. When the adverse resolution was carried, the old Board retired.

The amalgamation appears to have been effectually prepared in a very quiet way. The railroad was cut off the dividends of the Great Western, on the preference as well as on the ordinary shares; and the company was, for a time, unable to meet its debenture

obligations in full. The stock fell to thirty per cent. discount. As a natural consequence, the shareholders and even the bondholders became alarmed. During the last half-year, there was some revival; the holders of preference shares received their due—five per cent—but only 2/ per share went to the ordinary shares. The shareholders, by whom the change was effected, could not very well have known long before the meeting that they were going to receive anything at all. They were working with the recollection of a suspended dividend in their minds, and probably a full knowledge of the terms they could get from the Grand Trunk.

The two railways were competitors for local traffic only between Toronto and the Western frontier of the Province; but since the first organization of the Grand Trunk, the companies have regarded one another with feelings of jealousy and aversion. The feeling originated in the dislike of the Great Western to opposition in the Peninsula of Ontario, and the Grand Trunk repaid the feeling with interest. For years, the Great Western was prosperous and the Grand Trunk was in the slough of despond. Latterly the relative aspect of the two companies underwent a change, and many thought the future of the Grand Trunk to be brightest. But in all such cases enmities are apt to appear before what is regarded as mutual interest.

It is a mild statement of the fact to say that the news of the amalgamation was not favorably received in Canada. It was indeed unwelcome news. The fear of monopoly with all that it implies is strong in the public mind. This is the one side of the question that is sure to be strongly stated and insisted on. The stockholders and the bondholders of these companies live in Great Britain, and there is no large body of men, it would be almost literally true to say, *nobody* here to look after their interests, except in so far as they are represented by attorneys and agents.

Whether the union can be made to assume a form which will prevent the necessity for seeking the sanction of Parliament to ratify the bargain, is a point on which different statements have been made. If such appeal can be avoided we may be sure that it will be. Should it be necessary to have recourse to Parliament, a strong opposition to the arrangement may be expected. The only chance of the bargain being ratified by Parliament will lie in the ability of the promoters of the amalgamation to meet the objections which are already being made and which are sure to be multiplied, and to offer guarantees that, in the matter of rates, the public will rather gain than lose. But how is this possible to be done? What economy

will result from the joint working of the lines? Mr. Whyte, assistant superintendent of the Grand Trunk, is reported to have stated it as his opinion, that the saving from this cause will be not less than \$1,500,000 a year. "You see," he said, "so many short cuts can be made, so much time saved, and I have no hesitation in saying that twenty-five per cent. more cars can be hauled with every train. This keen competition for passenger and freight business, which in many instances is a loss to railway companies on account of the circuitous routes taken, and which in most cases is no benefit to the public, will cease and arrangements will be made to save time and render the best accommodation to the public. In fact, there are a thousand and one ways by which money can be saved." Mr. Whyte is a Grand Trunk official and as such bound to support the arrangement; but this statement contains the merest generalities and cannot be relied on as being even an approach to accuracy. Some economy there doubtless would be; and it is to secure the benefit of that, or to get a monopoly, that the amalgamation is made. Can the public get a share of the benefit of the saving? Or would it be in danger of suffering from the monopoly? These are questions to which an answer requires to be given.

The Great Western was preparing to extend its competition east of Toronto, by aiding in some way the construction of the Ontario and Quebec Railway. Some provisional agreement had been made between the old Board of the Great Western and the directors of the Ontario and Quebec Co., but what they were, the former board did not live long enough to tell. By means of the Ontario & Quebec and the eastern roads belonging to the Pacific Railway Co., the Great Western contemplated getting a new means of access to the ocean, in opposition to the Grand Trunk. Perhaps this fact quickened the authorities of the Grand Trunk into the activity which produced the amalgamation agreement.

Whether the pre-arranged amalgamation of the Credit Valley and the Great Western railways will bring the latter road into the new union is a matter of speculation. There were objections to the absorption of the Credit Valley by the Great Western, different from any brought against the latest arrangement. The Credit Valley had been got up on principles of belligerency. It was its mission to oppose every thing else; independence was its *raison d'être*; as an independent line it obtained support in various forms, especially from the municipalities, and to amalgamate with another line was to break faith with them. The Grand Trunk and the Great Western had, for some time