

LETTER FROM ENGLAND.

COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER CUBA.]

THE gloom with which last week closed, became intensified in the beginning of the week, owing to the apprehensions of war between France and Prussia, and although these alarms have rather died away, there is still very great anxiety manifested. The Spanish difficulty still continues, people are getting a little more accustomed to it and therefore less anxious, but the danger is as great as ever. The prospect of carrying a Reform Bill this session, has been much improved by the division of last night, and it is probably to this cause that we are to attribute the improvement which has taken place in the funds to-day.

The position of the railway market continues most critical. Securities of all kinds are very unduly depressed, and so complete is the absence of confidence or co-operation, that it is impossible to say how far the panic may extend, or how long it may last. There are indeed some indications that the tide has nearly turned, and that people are beginning to remember that concerns with a large surplus income, however serious the mistakes in their management may have been, are not in so bad a position after all. It is to be hoped that two important lessons will have been learned—the first to practice economy in good times, and especially to avoid extravagant works and constant extensions; and the second to reduce the amount of the debenture debt, and place the finances of the companies upon a really sound basis.

I have thought that it would be of interest in the present position of French affairs, to contrast some of the chief items in the Bank of France returns, with the corresponding week of last year, and accordingly I give the following brief synopsis:—

	1867.	1866.
	April 4.	April 5.
	Francs.	Francs.
Notes in Circulation.....	1,614,675,000	893,894,600
Treasury Account.....	131,435,700	103,577,000
Accounts Current.....	271,033,000	161,440,000
Cash and Bullion.....	781,224,000	504,824,000
Commercial Bills.....	515,202,000	551,645,900

It will be seen that these fluctuations are very considerable and important. The Treasury balance and the Cash on hand, are both considerably augmented; whilst the increase in the Accounts Current, and the decrease in the Commercial Bills, shows a very great dullness in commerce. Upon the whole these returns do not look well. They indicate that as far as his pecuniary position is concerned, the Emperor is in an exceedingly strong position, and on the other hand trade is suffering. It will be seen however from the following table, the position of the Bank of England is in many respects similar, although on a smaller scale.

The returns from the Bank of England for this week present the following results:—

	1867.	1867.	1866.
	April 10.	April 3.	April 11.
	£	£	£
Public Deposits.....	5,711,000	8,619,000	4,057,000
Private Deposits.....	19,045,000	17,671,000	14,955,000
Government Securities.....	12,826,000	13,111,000	10,644,000
Other securities.....	18,960,000	20,752,000	19,383,000
Notes in Circulation.....	23,230,000	23,217,000	22,045,000
Bullion.....	19,299,000	19,509,000	14,234,000
Reserve.....	11,070,000	11,292,000	7,189,000

These returns indicate the changes usual at this period of the quarter, consequent upon the payment of the dividends.

The Bank of France returns are as follow:—

	Increase.	Decrease.
	Francs.	Francs.
The Treasury Balance.....	4,400,000	
The Private Accounts.....	18,800,000	
The Commercial Bills.....	12,200,000	
Tre Notes.....	3,333,000	
Tre Ca b.....	8,900,000	

All the symptoms of the stagnation of trade which has so long existed continue.

April 13th, 1867.

H.

GRAND TRUNK RAILWAY OF CANADA.

THE following is the report of the directors for the half-year ended December 31, 1866:—

1. The gross receipts upon the whole undertaking, including the Buffalo and Champlain lines, have been £719,370
Less the ordinary working expenses (being 57.49 per cent.)..... 418,608

Leaving a balance of £305,762
From this is deducted the proportion of renewals of the permanent way and works debited to the revenue for the half-year..... 72,392

Leaving an available net balance of..... £233,370

2 This provides, after payment of all the rents, leases, &c. for a cash dividend on the 1st preference bonds and leaves a balance of £325 17s. 6d. to be carried forward to next account.

3 The increase in the aggregate receipts for the half-year as compared with the same period of 1865, is £4,590, the total revenue being the largest yet received in any one half-year.

4 The decrease of net revenue is caused by an increase in loss on currency, an increase in legal charges, the debit of a sum due under award to the Brantford Car Company, and a larger outlay in the locomotive department for new engines and cars to maintain the existing stock in an efficient state. The two last items, together about £16,000, account for the increased working expenses. Again, in appropriating the net revenue, £5,359 has been paid to the postal and military bondholders in excess of the sum due to them in the corresponding half of 1865. This has arisen from increased receipts for the conveyance of troops and stores arising out of the Fenian raid.

5 The receipts from passenger traffic, mails, &c., show an increase over the corresponding period of 1865 of £5,165, or 1.67 per cent.; but the merchandise receipts show a falling off of £440, or about 10 per cent. This diminution of revenue in the freight traffic is entirely in live stock, and is in consequence of the United States tariff laws which came into operation on the repeal of the Reciprocity Treaty. The live stock receipts in the corresponding half of 1865 were £36,611, whilst those for 1866 were only £16,333. The ordinary goods traffic, therefore, shows an increase.

6 The average receipts on passengers per head was 7s. 2d. against 7s. 10d. in 1865, and the average receipt per ton was 15s. 11d. as compared with 15s. 5d. in 1865.

7 The following statement shows the per centage of working expenses, exclusive of renewals, from June, 1861, to December, 1866:—

	June half-year.	December half-year.
1866.....	63.23 per cent.	57.49 per cent.
1865.....	64.57	55.35
1864.....	59.62	59.68
1863.....	63.53	57.11
1862.....	77.23	59.68
1861.....	87.32	68.61

8 The amount of loss on the American currency for the half-year is very heavy, being the largest, with one exception, yet sustained. The total loss since June, 1862, now amounts to £290,384, the loss for the past half-year being £61,828. The bond and stockholders will not fail to perceive that the enormous loss entailed by this wholly extraneous cause has altered the entire aspect of the recent finances of the company. Mr. Brydges' report appended hereto contains a more full explanation as to the losses sustained in the conversion of the American "greenbacks" received by the company. The price of gold fluctuated during the six months ended December, 1866, between 154½ in July and 131½ in December. It will be observed that the traffic of the second half of the year, which contains the "fall traffic" includes a much larger proportion of the receipts in American currency than the first half. The continued inflation of the prices of labour and materials in the United States consequent upon this artificial state of the currency still leads, moreover, to an excessive cost in many departments.

9 The amount expended out of revenue in renewals of permanent way from 1862 to 1866 inclusive, has been no less than £621,518, and of the extremely large expenditure of the past half-year, viz., £37,391 6s. 1d., the board have charged £25,000 to capital account.

10 The debit for stock of stores in hand has been reduced from £245,419, the amount in December, 1865, to £202,357 at 31st December last.

11 The Reciprocity Treaty with the United States ended in March, 1866. The full results of its repeal have, however, been more apparent in the past half-year, and while the local traffic has kept up in a very satisfactory manner, the interchange of traffic between Canada and the United States has suffered. Much of the traffic which used to pass into the United States is now turned to the Maritime Provinces, and the diversion will largely increase now that confederation makes all the Provinces one country. In the process of transition a less profit on the work done has, however, been earned; the traffic obtained having, for the time, been of a less valuable character. So vast a change must necessarily bring temporary loss and disturbance, which time only can remedy and repay.

12 All accounts with the Government of Canada and with Her Majesty's Government are now settled and disposed of.

13 Parliament having passed the measure confederating into one united country the heretofore separated Provinces of Canada, Nova Scotia, and New Brunswick, an early measure of the new Government will be the construction of the Intercolonial Railway. The act, which has received the Royal assent, contains the following clause:—

118. "Inasmuch as the Provinces of Canada, Nova Scotia, and New Brunswick have joined in a declaration that the construction of the Intercolonial Railway is essential to the consolidation of the union of British North America, and to the assent thereto of Nova Scotia and New Brunswick, and have consequently agreed that provision should be made for its immediate construction by the Government of Canada, therefore, in order to give effect to that agreement, it shall be the duty of the Government and Parliament of Canada to provide for the commencement, within six months after the union, of a railway connecting the River St. Lawrence with the city of Halifax in Nova Scotia, and for the construction thereof without intermission, and the completion thereof with all practical speed."

14 Looking to the heavy loss which has, during the last five years, arisen from the condition of the American currency—to the pressure of the excessive outlay for renewals of the permanent way—to the impossibility of the railway earning even the amount of revenue now become obtainable without an increasing quantity of rolling stock—and to the realisation of the expectations, so long formed, of the construction of

the Intercolonial Railway, the board consider that the time has arrived for maturing a plan under which the progress of the traffic and the resources of the undertaking—now destined to become an integral portion of a great continental highway—shall be fully kept pace with. They will be prepared at the meeting to lay their recommendations before the bond and stock holders for discussion. Any further legislation required will give an opportunity for obtaining power in reference to the general capital account, and, if thought fit, as to the conversion of the postal and military bonds also.

15 The board refer the bond and stockholders to the annexed report from Mr. Brydges, the Managing Director, and call attention to his explanations, based upon actual knowledge and experiment, in regard to the additional traffic to be obtained. Mr. Brydges is fully justified in laying stress on the fact that, in five years—1861—6—the traffic has increased 47½ per cent., or from £17,700 to £26,092 per week. Such a rate of increase is almost without example. The board requested Mr. Brydges to come to England, forcing the carrying out of confederation would necessarily involve the consideration of the questions now under discussion, and also because friendly interviews have recently taken place between deputations from the boards of the Grand Trunk and Great Western of Canada Railway Companies, and propositions for a more cordial and complete interchange of traffic have been discussed. It is to be hoped that these discussions may lead to some practical issue. Mr. Brydges will attend the half-yearly meeting, ready to afford any information which the bond and stock holders may desire.

16 The directors who retire by rotation are Messrs. Hodgson, Blake, and Molson, and the retiring auditors are Mr. Morland (Canada), and Mr. Newmarch (England). They are eligible for re-election, and offer themselves accordingly.

The following is the special report of Mr. Brydges, managing director, on past and future traffic results:—
LONDON, April 3, 1867.

The result of the last year's traffic shows that in the year 1866 the company earned the largest amount of gross traffic ever carried on the line, disturbed as its operations were by Fenian attacks and the abrogation of the Reciprocity Treaty, and confined as it was by the limited quantity of our rolling stock.

The year's traffic was in gross 1,356,795, or an average of 25,092, a week throughout the year. Traffic has existed both along the line in Canada and offered to us in the United States for transit through Canada, which would very considerably indeed have increased that weekly average if we had had the necessary amount of rolling stock with which to carry it.

I say unhesitatingly that, from the knowledge which I have had daily during the last few years, of the impossibility of sufficiently meeting the demands of the local trade of Canada, our receipts from local traffic both in passengers and goods have been very much less than what they would be if we had had sufficient rolling stock, and that we have daily been compelled from the same cause to refuse large quantities of "goods traffic" offered to us by the American lines terminating at Detroit and by steamers to Canada. This "through traffic" would have yielded large returns from the long haulage it would have given us, and, from being carried in full train loads, would have been worked at a satisfactory profit.

A few figures will clearly show the increase which has taken place during the last five years, and this may enable us to form some guide as to the probable results in the next few years if the means to carry the traffic can be provided.

In 1861, which was after the line had been opened throughout for an entire year, the gross receipts were 766,579, to which, to make the comparison fair must be added the gross traffic of the Champlain and Buffalo lines, since incorporated into the Grand Trunk system. These two lines, for the last year of their independent existence, earned, gross, 160,000. To make the comparison right, therefore, the earnings of the present mileage of the Grand Trunk were—

In 1861..... £ 920,579 or £17,700 per week,
In 1866..... 1,356,795 or 25,092 "

Showing an increase of £ 436,216 or £ 8,392 per week, or say 47½ per cent.

In 1861 the working expenses, exclusive of renewals, were 64,085. To this again should be added the expenses of working the Buffalo and Champlain lines, when they had an independent existence, amounting to 104,000, making a total of 728,085 in 1861. The expenses in 1866, also irrespective of renewals, were 817,027, or an increase as against 1861 of 88,942.

The following table will summarise the result:—

Year.	Gross traffic.	ing expenses, per cent.	Profit.
1861.....	920,579	47.8,085	79
1866.....	1,356,795	817,027	60

Increase..... £ 436,216 £ 88,942 £ 17,700
Decrease..... — — 19

In the last five years the company have only been able to add the following new equipment to its rolling stock, viz.:—

Engines.....	21
Passenger coaches.....	20
Goods waggons.....	299
Timber.....	61

The amount charged for new plant since 1st January, 1862, was 262,991. That outlay, with the plant belonging to the two lines lately incorporated, viz., the Buffalo and Champlain, aided to produce an additional gross revenue of 436,116, per annum, and an increase of net profit, after deducting ordinary working expenses of 347,274.

The traffic increased 47½ per cent., the expenses increased about 12 per cent., and the per centage at which the traffic was worked was reduced from 79 per cent. to 60 per cent. of the gross receipts.

It would seem from these figures that the outlay during the last five years for additional rolling stock