

abrupt termination of its valuable efforts by the exhibition of threatening discontent.

All other things being equal, the nature of management will be generally found to accord with the interests at stake.

If a management have much to gain, and little or nothing to lose, experience proves that other interests will probably be sacrificed.

But if the interest of any management be so balanced as that there shall be quite as much to lose, as to gain, experience proves that such management will be generally found efficient and equitable, seeing it has the *double* incentive to *avoid loss*, as well as to secure gain.

Now it can be shown that these last conditions form the distinguishing characteristics of the Bondholders' interest, and therefore that, without exception, it is this interest which can, and should be trusted to bring order out of this Railway chaos.

The interest now managing this Road, and represented by me, exceeds Half a Million of Dollars, and is being steadily augmented by the advance of *new capital* for extension and improvement. It is based upon the Iron Rails furnished to the original company. These Rails have not their equal in Canada for quality and value, which proves that the interest by which we control is genuine and not fictitious. This is also proved indirectly by the inference that the transaction must have been considered by the old Company as one of *value received* in order to deserve the general congratulation bestowed upon it when reported here.

Not one farthing of interest has been paid in cash on this investment since 1859. The sum thus in arrear will exceed \$125,000, part of which is already funded, and the balance will likewise be so as soon as possible in *Second Class Debentures* similar to the Principal. No cash has been, or will be paid to Bondholders—as it is to the Municipalities—for back interest.

The yearly interest on this aggregate of \$625,000 will amount, say to \$36,000, or some \$12,000 a year, *in excess* of the annual sum due the Municipalities.