

inquire into this fuel question; and we have this communication from him, under date 31st of July, 1888:—"Average price of fuel—Grand Trunk, \$2.75; average Great Western, \$2.50, which is 14¢ in favour of the Great Western." But he then deducts the excess rate arising from the greenbacks, which is 25 cents; and he goes on to say that but for this the price would have been in favor of the Grand Trunk. Now what do we find? We find that on the Grand Trunk we charge the locomotive department with the haulage on our fuel at a high rate, while on the Great Western they charge for haulage at a low rate, and the difference between these two charges was practically an addition to the charge paid by the Grand Trunk. There are one or two other differences, but the great difference is that the Grand Trunk has been obliged to use large quantities of soft wood. These things will occasionally happen, but I do not think it fair or just to come to the conclusion that we are wasteful in the matter of fuel. The next matter is about the bad rails. Mr. Creak scolded me rather severely at his meeting on the 18th of June, the shareholders' meeting, to which, by-the-bye, I was not invited; if I had been I should have attended.

Mr. Creak: All the bond and stock holders were invited.

The Chairman: I never got a circular.

Mr. Creak: You would not give us a list, and therefore we could not send out the invitations.

The Chairman: So far from that, we offered to send out the circulars from the office for them, if they would only give us permission. The charge against me was this: that whereas Capt. Tyler had stated in his report that the quality of the rails we had had from England had worn out much before their time, and that therefore we were put to a larger expense in future renewals than we ought to have been, we, the directors, had not informed the proprietors of that fact. And I do not forget Mr. Creak's sneer. It is very cheap to sneer at everybody when you cannot get a dividend; but the sneer from him was that I had gone fourteen times across the Atlantic and never found that there was anything defective. All I can say is that I have got a number of extracts from my speeches, in which I especially called attention to the deficiencies in the rails, and to the necessity there was for more carefully looking after these things, as all the railways in America were making the same complaint; and I stated that during the time of speculation and the high pressure, we did not get the quality of iron necessary to stand a Canadian climate. Well, now I come to my friend Mr. Ritter, and I have here publicly to thank him for taking the trouble of giving me the figures; as to the question of fuel that is one which has occupied our attention for a long time. When I first went to Canada we had two coal-burning engines. We had them because we could then occasionally get coal. As the forests got thin and further away from the population, the tendency must be that fuel would gradually get higher in price; and therefore it was that we have directed experiments to be made, not only as to the best way of burning wood, but also as to the possibility of burning petroleum, which, as you are aware, is one of the great products of Upper Canada, and also to the burning of peat. The question of burning peat is nothing new to me, for in Lancashire in the olden days we used to burn what we called turf, and which you call peat. I have tried it, and I believe when properly prepared it is of some service. Some years ago a gentleman who built the Victoria Bridge, Mr. Hodges, bought a large bog in Canada, and he thought he was going to do a great deal for Canada if he could convert into fuel these thousands of acres of bog. He got machinery and we entered into a contract with him to supply us with peat at 12s. 9d. per ton. Now Mr. Ritter's view was, if I gather it aright, that we had made an extravagant contract. Well, I am bound to say that I look upon our supply of fuel in Canada as I looked upon the supply of water the other day at Manchester, not altogether as a question of price but as a question of getting it. We wanted some means of competition, we wanted some means of showing the wood-dealers that if we did not deal at their shop we had another, and therefore we did not look so particularly at the price. I admit that under certain circumstances I should have made certain stipulations; but at the same time, having taken Mr. Brydges to task, and he having said that those were the best terms he could get then, I did not blame him but praised him. You want to get something that will compete with wood, and how can you do that if you run a man down too much in the price? And therefore the sound thing for those who do not deal in two-pences is to fix a fair and liberal price. And here I would for a moment refer to a report of Mr. Trevithick, who has been to Bavaria. Bavaria is the only country I know of where peat is largely employed as fuel for engines. Mr. Trevithick states that the cost of making peat there is from 10s. to 11s. a ton, but that the wages of the labourers employed to produce the peat in Bavaria are only 1s. 6d. a day; but the labourer employed in Canada has a dollar a day. Then he says he considers our peat in Canada is worth from 15 to 25 per cent. more than the peat of Bavaria; and therefore the peat of Canada is evidently cheaper than the peat of Bavaria. ("Time.") Those gentlemen who have not time to listen to a plain and business-like statement, have not time for anything. I am compelled, in vindication of your interests, to take my own time; I shall be as short as I can; but I am determined to go over every point unless you tell me I must not do so; and I hope I shall not be again interrupted. A ton of peat of 2,240 pounds is equal to a cord of wood; a ton of peat will take a freight train 31 miles, and a cord of wood, which weighs 3,712 pounds, will take a train only 23 miles. We know that a ton of coal is equivalent to two cords of wood, and so a ton of coal is equivalent to two tons of peat. The advantages of peat are these:—First, it is a competitive article with wood; second, an engine that is loaded with wood will run only 55 miles; therefore with peat you save stoppages, time, and the

risk of danger in being involved in having to coal frequently; and third, with peat you reduce the risk of setting woods and cornfields on fire, as you unfortunately do when you are burning wood. Such fires were an item in the English railway accounts of the last half-year; and in American railway accounts there are always large items for fires caused by locomotives. Peat, however, does not cause them, at least, not to anything like such an extent as wood does. This is our justification with regard to peat. I will console Mr. Ritter by telling him that the contract involved a minimum and a maximum quantity; we have not got the minimum quantity, and if Mr. Ritter can persuade the meeting into putting an end to the contract it can be done in five minutes. It is a contract on sufferance, and it is in your hands; but I believe it would be a great mistake to terminate it. The parties are not making much profit by the production of peat; but I hope they will make profit; that other people will try to manufacture the article, and in that way something will be done to keep down the price of the fuel you consume. I want to direct your attention for a moment or two to the question of the Buffalo and Lake Huron Railway. I am sorry that a question between the two companies which ought to be in every sense one, should have to be obtruded on notice. We have received the Buffalo and Lake Huron report, in which complaint is made of delay in the settlement of their accounts (hear)—and in which it is suggested that, better than a revision of the agreement—which has been discussed on many occasions between Mr. Heseltine, Mr. Swift, and Capt. Tyler—would be the termination of the obligation. Now, we have considered that question in all its bearings, not merely as a pecuniary question, but as a question involving the consistency, discipline and general good of the Grand Trunk property at large. We do not believe it is possible that the bondholders and shareholders of the two companies can prosper when the two boards are constantly at war, and when it is thought necessary by either to descend into the arena of personal attack. For myself, I have never introduced personal animosity into a matter which is a mere question of figures. We have looked at the matter, and we have come to this resolution:—"The board having considered the suggestion offered by the Buffalo and Lake Huron directors in their last report to the shareholders, to the effect that the existing agreement between them and the company should be entirely cancelled.—Resolved, that it is desirable to accept the offer, and that, subject to the approval to-morrow of the Grand Trunk general meeting, the Buffalo and Lake Huron Company be requested to concur at once in the peaceful application to the Canadian Parliament for the cancelling of the agreement accordingly.—(hear, hear)—and that, as part of this agreement, the offer from the Buffalo and Lake Huron Company, to leave all subjects in dispute between the two companies to the arbitration of Mr. G. Grenfell Glyn, with permission to each side to state their own case in their own way, be also accepted, proper provision being made in the Act of Parliament for giving effect to his award, irrespective of any informality in the business."

I do not know that I ought to say any more; at the same time I should like extremely to say a few words in reference to the attacks upon myself. As some are impatient, I will only say—how is it, out of the whole Grand Trunk board, I and I alone, am singled out for these attacks. (A Shareholder: Because you have yourself assumed the whole responsibility.) What have I done? The shareholder is right so far as it is a question between me and this meeting, for at the last meeting, in justice to my colleagues, I assumed the whole responsibility for the general policy of the company; but so far as it is a question between me and the Buffalo and Lake Huron, what are the facts? The settlement which I believe, in 1886, had been arrived at with the Buffalo upon disputed questions, excepting one or two points was not made by me at all, but by our accountant and treasurer, Mr. Hickson. When I found that for some reason—Heaven knows what it is, I don't—Mr. Heseltine was disposed to quarrel with me, and sometimes to be offensive with me—though if ever I was offensive with him, I frankly own I am unconscious of it—I asked the board to remit the whole matter to Mr. Swift. He took the whole question in hand, and subsequently to some extent it was placed in the hands of Captain Tyler. Well, then, when Mr. Creak and Mr. Ritter came to me with the best intentions, desiring to have these matters settled, I said, "Whatever you recommend for peace with the Buffalo Company I will recommend to my board. I believe you are honest and capable men; you mean nothing against the interests of the Grand Trunk, and to show how strong a personal desire I have to get rid of this business, anything you will recommend I will adopt." Mr. Creak will tell you that what he recommended I did; and when I received from Mr. Creak a letter stating that a demand was made for a payment on account, I was quite ready on the part of the Grand Trunk to make it, even without being asked.

The Chairman then stated that it was not his intention to hold office after the three years for which he had taken it were expired, but that he would always be willing to give any gratuitous assistance in the affairs of the concern that he might be asked for. He explained that the £2,000 per annum which he received as compensation for his services had not come out of the pockets of the shareholders, but that Messrs. Baring, Glyn, Potter and some others had given it to him out of their own allowances. In conclusion he asked them if possible to lay aside all differences, to avoid the antagonism which existed between the different sections of bond and shareholders, and to come to some understanding which might be mutually agreeable.

Mr. Kirkman Hodgson seconded the motion.

Mr. Creak spoke at considerable length in criticism of the board. He referred to Mr. Baring's admission at a recent meeting, that the line when hauled over by the contractors was not furnished as it ought to have

been, and stated that although the line might have been accepted from the contractors on the strength of the engineer's certificates, he had nothing to do with contractors or engineers, but could only look to the board. He complained of the way in which the line was renewed, and the inferior rails employed, which had to be taken up in 1, 2 or 3 years; and also of the way in which the estimates of annual cost of renewals had been exceeded in practice, the excess in three years amounting to £222,000. Mr. Brydges was present at the meeting, and he, Mr. Creak, thought it a good opportunity to ask him a few questions. He would ask what per centage of the road was in good working order; what was the condition of the rolling stock; what was the sum required to put the line in efficient order; what number of free passes were granted; and what proportion of these were for officials and what complimentary; what way was there a loss on greenbacks; and on the question of fuel, how it was the Great Western got 45½ miles out of a cord of wood, whereas the Grand Trunk only got 35½ miles, and whether it would not be cheaper to use coal than wood. He would also put the question to Mr. Brydges whether he or any of his officers to his knowledge had been connected with any company, firm or individual supplying articles to the Grand Trunk, or had received any commission from such parties.

Mr. Brydges rose and replied, I stand here and state deliberately, as man to man ought to state, that there is not one single word of truth in the insinuation made that I am in any way connected with any company or firm supplying material to the Grand Trunk Company, with the single exception of the Kingston Locomotive Company, as I have fully explained; and to the best of my knowledge and belief, no officer of the company is in any way connected with any such company or firm. I further state, that neither I nor any officer of the company to my knowledge and belief, have received any commission whatever for any materials supplied to the company.

Mr. Creak then moved in amendment, "That the report and accounts not being satisfactory, the directors be requested to resign in accordance with the resolution of the proprietors on 18th June last, and that a committee be appointed to reconstruct the board."

Mr. Heseltine seconded the amendment, and in reply to the chairman, stated that he regretted having imputed to Mr. Watkin what he knew that gentleman was incapable of.

Mr. Ritter condemned the contract made with Mr. Hodges for peat, and moved for the reading of a short report made by Handyside, who had visited Canada at his own expense.

The motion was carried and the report read, which first pointed out that the duties of superintendent as well as of general manager devolved upon Mr. Brydges to an extent that it was utterly impossible he could discharge them all. Among tradesmen and others dealing in articles used by the Grand Trunk, Mr. Handyside found the feeling against the management fierce and furious, and a general opinion that the executive was rotten from beginning to end. With respect to rails, he stated that some had not lasted twelve months, and even worse had been sent from England. He saw some English rails that had to be removed from the track in two months, and he was shown others that were giving way in a still shorter period. There was no inspector at the rolling mills at Portland, and the mills themselves were "doing decidedly wrong," putting old rails at the top. Mr. Handyside embodied a letter from Mr. J. Seaville, of the Toronto Car Wheel Works, who said:—

"Contracts are given out by the managers of the Grand Trunk without any regard to price or quality. No real competition is invited, but, quite the contrary, it is discouraged. Contracts for material are given out privately, and for large quantities at a time, enough to last the road one, two, and three years, and that too without any regard to competition. Sometimes these contracts are given to officers directly in the management of the road, and sometimes to parties supposed to have more or less political influence, but rarely or never to the lowest bidders. Reference was made at the London meeting to the poor quality of material used in the maintenance of the road and the article of rails referred to in particular. Now here is a case in point: in the re-rolling the old rail there is no competition of any kind, neither has there ever been any in Canada. Locomotives are built in Kingston by a firm in which officers of the road are directly interested; they are placed upon the road, and in a few weeks are in the railway shops for repairs. In regard to this outrageous system of contracts, I would particularly refer to one transaction of a large amount; I refer to a contract for furnishing the road with wheels. In this article the shareholders of the line are losing thousands of pounds per year. For a long period before making the present existing contract there had been two first-class establishments in Canada for the making of wheels, one in the Lower Province, and one in the Upper; between these two concerns there had been more or less competition. Suddenly a new one is started in Montreal, directly under the special patronage of the Grand Trunk Railway; to this concern is given a contract for all the wheels that the Grand Trunk Railway would use for the period of three years, and that too without any notice being given to either of the rival establishments, or any invitation to either of them to compete for the contract. In this case competition was actually discouraged, and the contract privately let. Now, as the contract is, there is an actual loss of at least four thousand pounds to the shareholders per annum. Competition would have saved all this, had competition been invited. Besides paying an unnecessary price, the wheels are of a very poor quality, and in no sense up to the standard of other manufacturers. The same concern that is furnishing the Grand Trunk under this contract, are selling to other roads the very same article of wheels at