

chines of different kinds on the ground. The display was decidedly the best I have ever witnessed. Besides the articles usually exhibited on these occasions, I observed a reaping machine, which binds the sheaves as it moves along; a machine which renders drainage a simple process, a portable saw-mill, which cuts the largest logs with ease, a new well-drilling machine; a novel kind of machine hay-fork, and many other novelties of smaller dimensions. The famous imported traction engine was on the grounds, and was driven up and down to the great satisfaction of those present. It was brought on its arrival in Toronto, two months ago, by some gentleman at Walkerton, in the county of Bruce. But it has been a failure up there—breaking down the bridges, sticking in mud-holes, and scaring the horses.

The Great Western Railway had a busy time of it during the week. Monster trains were the order of the day. But notwithstanding the immense crush, not a single serious accident has been announced. This is attributable to the admirable manner in which everything was managed by the railway authorities, and reflects the highest credit on Thomas Swinyard, Esq., the popular manager of the road who was personally present during the great rush on Thursday evening, overlooking the departure of the trains. The Great Western has reaped a rich harvest during the week, and I may add that it is exceedingly well-served, for the public were never so well served on any previous occasion.

Looking at the splendid success of this Exhibition, and the immense attendance of the farming community, well-dressed and apparently with plenty of money, I should say that Ontario is at present in a very prosperous state. Those who were present will hardly fail of conviction that the late harvest is better than some have supposed, and that an excellent fall and winter business may be expected after seeing the display made in Hamilton. I have no hesitation in saying that Ontario need not fear comparison, as an agricultural district, with any part of this continent.

### GRAND TRUNK RAILWAY OF CANADA.

State of the Line—Suggestions for an Improved Arrangements Act.

THE American railway papers have lately published accounts showing a horrible state of the line. These statements, however, are by anonymous writers.

We believe the unrenewed portions of the line are generally in bad condition, some portions very bad, but the renewed sections, we hear from reliable authority, are excellent.

Until the Grand Trunk is completely renewed it will doubtless not be in good running order.

The English Great Western charge to capital the cost of rectifying their original error as to the gauge. The expense of converting broad into narrow gauge they put to capital. In like manner may not the Grand Trunk charge to capital the cost of laying down suitable rails, &c. It appears that originally the construction of the line was defective in this respect, making it good is surely in the nature of a capital charge. Unhappily, however, the company have no capital to apply for the purpose, and, under the present management, their net revenue is very scanty in the absence of capital they must use revenue profits for the renewal, and this in our judgment is an additional reason for getting the largest amount of revenue profit—in other words, an additional reason for reform in the management.

A correspondent, a "Victim," suggests in a letter in another column that the real profits of the line should be accurately ascertained and if they cannot be paid away to the 1st and 2nd preference bondholders, or others entitled to them, then they should be retained for the purposes of the company, and the bondholders be given 2nd equipment mortgage bonds in lieu of the cash dividends so retained. This in case the Canadian Government decline to guarantee the equipment bonds.

The suggestion is equitable, but we doubt whether it could be done under the provisions of the Arrangements Act. Under that Act we think if the accounts of the company show profits for the preference holders they must be paid. But if the accounts do not show such profits, arising from extensive road renewals, &c. and the Directors must pay the preference holders their dividends. In this construction of the Arrangements Act we may be wrong, but we shall be glad if a "Victim" will show us our errors by reference to the Act itself. We have often given our reasons for taking this view of the case.

It would not, however, be difficult, we imagine, for the company to get Parliamentary authority to adopt an equitable course recommended by our correspondent—a course which would really cast upon the company little additional capital burden, while the 1st, 2nd, 3rd, and 4th preferences would be greatly benefited.

Our estimate of the results of the past half-year's working, to which a "Victim" alludes, was in no way official. It was our own estimate. We have no doubt it will prove to be true.

Since the above was in type we have thought it well to state, or rather to re-state, reasons (founded on the provisions of the Arrangements Act) for believing that until the end of 1872 the preference bonds are really nothing but preference shares, and can only claim par or dividend. If the company choose to roney the line, &c., to the extent of absorbing all those earnings of the company which would otherwise go into the pockets of the preference bondholders for interest. Section 19 of the Arrangements Act says that "the earnings of the company" shall "after deduction of working expenses as hereinafter defined" be applied to each half-year ending 30th June and 31st December. "to be appropriated and applied in the order and manner following"—that is, amongst other things, to the payment of the 1st and 2nd preference bond interest. In the 21st section the term "working expenses" is defined. Amongst other expenses it includes "all expenses of maintenance and renewal of the railway and of the stations, buildings, works, and conveniences belonging thereto, and of the rolling and other stock," &c. and—mark this—"generally all such charges, if any, not above otherwise specified (and no other), as in the case of English railway companies are usually carried to the debit of revenue as distinguished from capital account." Here's a limit! "As in the case of English railway companies are usually carried to the debit of revenue." Why, some of our companies charge to revenue the cost of steel rails, fish-jointing, rebuilding stations, and actually additions to the rolling stock now and additional fittings, and a number of other charges which are clearly of a capital nature. Other companies charge some or all of these expenses to capital. There is no rule in the matter common to all English railway companies. Under this section of the Arrangements Act, we contend, there is practically no limit to the charges for renewals and equipments which the Grand Trunk may not place against their revenue.

It is clear, at least to us, that the Grand Trunk may use their revenue to almost any extent in renewals, &c. that they may thus employ all the revenue money that would otherwise be available to pay the 1st and 2nd preference bond interest (and of course the after preferences).

But section 21 provides that "if, in any year during the ten years next after the 31st December, 1862, any interest or dividend upon any of the preferential bonds or preference stocks of the respective classes before mentioned, shall, as to the whole or part be unpaid, the holder of the bond or stock shall in respect of such arrears be entitled, on application, &c., to receive a bond or stock to be of the like quality as the bond or stock in respect of which the arrears accrued."

It is thus said, in effect, distinctly that if the company use the bondholders' interest in renewals all the bondholders can claim during the ten years, is paper dividend. If, for example, no profits are shown in the accounts as available for the 1st preference bonds the holder of £100 1st preference bond has no claim to his £5 a year interest in money. He can claim only £5 in new 1st preference bond—which we call paper dividend. In like manner if there is no cash shown by the accounts for the 2nd preference bondholder he can only claim his unpaid interest in new 2nd preference bond for the amount. This lasts to the end of 1872, after which the preference bonds again become bonds, with all the rights of bonds, but before 1872 they are, we submit really nothing but preference securities.

The holders of preference bonds are by the same section, 21, debarred from maintaining any "action, suit, or other proceeding" in respect of "any such arrears, during the ten years. They may take the paper, there is no cash for them.

But if the revenue account shows cash for them, the preference bondholders, how then? In that case it is clear, under the 19th section, the bondholders in their order, can claim those profits. That section says that the earnings, less the working expenses, including renewals, &c., "shall" be appropriated in the manner set forth. Therefore the bondholders could claim their interest in cash if the accounts show sufficient earnings to pay it.

In conclusion we may observe that a better plan than that suggested by our correspondent would be for the company to allow for the Government of Canada to guarantee the 2nd equipment mortgage bonds, which would thus readily float at par, and provide the company with capital for their requirements. The Government would use not a penny by it, for with such a supply of capital the company would be enabled to pay out of genuine revenue profits not only the 1st and 2nd equipment mortgage bonds, but the 1st, 2nd, and 3rd preferences, and a good part of the 4th preference if not the whole of the latter, with a good prospect, in three or four years' time, of discharging as they arise all the 4th preference claims, and perhaps giving the unfortunate shareholder a trifle.—*Scrutator's Jour.*

GRAND TRUNK RAILWAY OF CANADA—Reform Effected—*Herapath's Jour.* says. We hear that a satisfactory arrangement has been come to during the week, between the committee, headed by Mr. Ritter and Mr. Creak, and the board, by which three or four new members will be introduced into the board, including Mr. Ritter and Mr. Creak, to whom the proprietors are deeply indebted for their exertions to reform the management.

Economy in working is to be the order of the day in future and this being so we tell the proprietors that in the Grand Trunk they have a much better property than most of them think.

Of course, under the circumstances of the amicable and fair arrangement made between Messrs. Creak and Ritter's committee and the board, there will be no necessity for the formation of a Grand Trunk Proprietors' Association. Agitation will cease, and its expenses be avoided.

### THE GOLD FIELDS OF NOVA SCOTIA.

ENCOURAGING REPORTS FROM ALL PARTS OF THE PROVINCE.

FROM the Halifax Mining Gazette for October, we obtain the following information respecting operations in the gold fields of Nova Scotia for the past month. From the 27th of August to the 10th of September, the following quantities of bar gold were reported as received in Halifax.—

By Messrs. Huse and Powell.

Company.	District	ozs.	dwt.	gr.
Provincial .....	Wine Harbour ..	10	16	12
Ophir .....	Runfrow .....	208	0	0
N. Y. & Sherbrooke .....	Sherbrooke .....	131	3	0

By Mr. R. G. Fraser.

Dominion .....	Sherbrooke .....	497	5	0
Shaffer .....	Oldham .....	63	11	0
Isler .....	Oldham .....	13	5	0
St. Lawrence .....	Uniaquo .....	47	4	9

By Mr. John Stairs.

Queen .....	Uniaquo .....	25	0	0
		936	4	12

From the Sherbrooke district the reports are highly encouraging. The New York and Sherbrooke, Palmerston, Wellington and Dominion companies have in the aggregate sent up 931 ozs 16 dwt 6 grs for the whole month of August—the Dominion company alone having furnished more than half. Several of the companies in the same district report now leads with abundance of gold.

From Wine Harbour reports affirm that large loads containing gold have been discovered a considerable distance north of the old developments. Miners are much excited in this district.

In the County Harbour district considerable excitement prevails respecting recent discoveries. Over twenty gold-bearing leads run through the district, from six inches to two and a half feet. Four ounces per ton are obtained.

In Montserrat for the last month, the yield reported is 115 oz 5 dwt 10 grs 6 dwt of quartz.

Large and very satisfactory reports are received from the Uniaquo tract, in which several Canadian companies are profitably at work. Quartz near the surface yields from \$1 to \$27 per ton, and improves as far as it goes down. Fifteen tons yielded 51 oz of gold. One company in this tract of which Dr. Dickson, of Kingston, is promoter, is very highly spoken of. It is thus referred to in the report. The St. Lawrence mines did \$1 to increase still further the high character which Uniaquo has acquired as one of the safest and most profitable gold districts of the Province. This valuable property was selected by Dr. Lawson.

### GRAND TRUNK OF CANADA.

(To the Editor of Herapath's Journal.)

HEARTRENDING as the sacrifice of the past has been to not a few, it appears there are further trials to be endured, for you, sir, have almost officially indicated a paper dividend for the last half-year, and why? Because mismanagement has lowered the position of the company, "they can't raise further capital." In other words, everything is to be charged to revenue, whether it rightly belongs thereto or otherwise, as it is the only source from whence money can be obtained, and this you contend can be done with impunity "to the end of 1872." I doubt your interpretation of the Arrangements Act, but will not now discuss that point, but only remark that such proceedings would be an additional injustice to the proprietors. I admit the financial dilemma, but a considerate board would take counsel with their constituents, and endeavour to devise means to lessen a pressure already too severe. Let an exciting difficulty be placed before Englishmen, and they will know how to face it and ultimately surmount it. Instead of this the board adopt a policy which increases that dissatisfaction, which is so extensive and well founded. The company have on hand half-a-million or second mortgage equipment bonds, a sufficient sum to make the line efficient, and to carry out most of Captain Lyler's suggestions, apart from extensions. But these bonds are so little in favour that they can only be issued at a great loss. Can nothing be done to induce the Canadian Government to guarantee them? They could then be placed at par, and a lieu or security could be given which would make the transaction as acceptable as it would be beneficial to Canada and her people. This failing I submit that the first and second preference holders should be openly invited to accept them upon just and liberal terms in payment of a dividend fairly earned, in lieu of cash for a short defined period; the profits equitably and correctly ascertained might then be legitimately retained and used to equip the line. To those who are compelled to realize their paper dividends at any price, equipment bonds say at 85 would inflict far less loss than selling 1st and 2nd preference paper at 49 and under.

VICTIM.

[We have omitted parts of a "Victim's" letter, for the publication of which, we fear, we should not have been held justified.—*Ed. H. J.*]

The half-yearly dividend on the preference shares of the St. Lawrence and Champlain Railway, which it was feared there would be no funds to meet, is declared payable as usual.