GRAND TRUNK RAILWAY.

THE half-yearly meeting of the bond and stock-holders of this Company was he'd on Thursday, October 22nd, as the City Terminus Hotel, Cannon Street, London. Sir E. Watkin, M.P., President, in the chair.

The Report of the Directors (which has already appeared in the TRADE REVIEW) was held as read.

The Chairman in moving the adoption of the report and the accounts, referred to the verification of his prediction at the preceding half-yearly meeting that their difficulties were passing away, as was shewn by the increase in net profit amounting to £68 780 on the half-year, and by the increase of traffic to that date of nearly £20,000; and stated that there was almost a certainty that they would resume paying the interest on the first preference bonds, at the close of the current half-year. He regretted that so few in number—only some 2 0 out of 3 000 or 4,000 bond and stockholders—were present, and of these there were a portion who had more interest in the Buffalo than in the Grand Trunk, and others who had more interest in the Great Western than in the Grand Trunk. He went on to show why Canadian Railway property was unsatisfactory, in that while population and development should have preceded railway construction, railways were built to bring p pulation and development. Again the cost of construction and the per centage of working expenses had in every instance been under rated and sufficient weight had not been allowed to the fact that the cereal produce of the country was a low class of freight and would only bear low rates, nor to the specialty of the climate. He would address them, first on the report and the accounts, then with reference to the controversies with regard to the management of the present directors, then on certain points which Messrs. Creak and Ritter had made against the board, next of their relations and difficulties with the Buffalo Company, and finally as an out-going man, he would say a few words concerning himself You will find, he then proceeded to say, that if you turn to your papers that there is an increase on the gross receipts of £37,676, and that side by side with that is a decrease in the ordinary expenses of £3 316 You will find in the traffic department, and I think in every department except the locomotive, there has been a decrease of expenditure But in the locomotive department there is a small increase, arising from the fact of our having, in earning £37,000 more money, had to run 132,000 more miles. You will, no doubt, think this a satisfactory feature, although it is but a little feature The loss upon American currency last year was £21,584, while this year it was £18 832 Then you will find further that we have wiped off that unfortunate suspense account, and still we have a balance to carry forward of £8,000. That means that if we had not had that suspense account we should have 40,000 sovereigns to divide amongst the first-class of preference bondholders. That is the result of the half-year's working. Just to follow the statistics that we usually have here, I may say that the average rates per passenger have been 6s 8½d against 6s 8d last year The average for freight has been 16s 6d per ton, against 15s 8d. We have often had advice that we ought to raise rates. A gentleman who has recently been paying a visit to Canada, and connected with Mr. Creak's committee has got an idea that we ought to reduce rates. Gentlemen who go to America for the first time, and do not stay long and study circumstances, may be very much deceived. If you come across a forwarder, he says, you don't develop the traffic by lowering the rates. If you meet a man who wants dividends, he says, increase your rates. One takes no account of dividends, the other no account of the necessities and position of trade. At all events, the figures which we have given are not from reduced rates, because every passenger has yielded a trifle more, and every ton of goods has yielded 5 per cent more than the corresponding period of last year. With regard to the capital account, the only debt is £4,083, and as we had no capital to take it from, we propose to take it out of the balance to the credit of revenue. Then further with regard to the maritime traffic. When the Reciprocity Treaty was repealed most unexpectedly and most unfortunately, we set to work to try and get a trade to the lower provinces of the Canadian Dominion, New Brunswick and Nova Scotia. We have got that traffic. It is not large, but growing, and it shows these results. The Halifax traffic is $28,256, and the St John's traffic $26,604 greater than last year. These are only for half a year—that is, we have together got £10,000 to £11 000 increase of a new traffic, which, although not great, seems to me a very hopeful beginning There is a point in the report about the Portland Bonds. These bonds fall due at different periods, and a sinking fund has been established to liquidate those bonds. If those bonds should be renewed in perpetuity, the sinking fund, which is now something like £140,000, would to some extent be available for the increase of your plant and the development of your traffic. With regard to the bonds falling due in December we have made a fair arrangement with the city of Portland, under which they will issue new bonds to take up the old bonds. If there should be some loss and depreciation in the exchange of one for the other, we are to lose it; but if there is a profit we are to have it. We shall thereby release a certain amount of Atlantic and St Lawrence shares, and if those shares can be placed in the market, there would be some margin left to us for the capital purposes of the line. I have heard some criticisms with regard to the whole capital account. Gentlemen, you will see that in 1861 you had eleven and a half millions of capital, while in 1868 you have seventeen and three-quarters millions. Well, it would have been a very different thing indeed if we had increased the capital by six millions—or one million a year; but we have not. When I took the management of the line we were deeply in debt, and instead of paying the debt in current coin, we gave military and postal bonds, secured on revenue which you did not possess at that time. We did not take anything out of revenue; they were secured upon the postal revenue, and the other portion of the debt was taken in fourth preference stock, which is at a serious discount. The account, therefore, stands thus: that capital has nominally increased between 1861 and 1867 about six and a quarter millions, and this is made up as follows:—Postal bonds, £1,200,000; fourth preference bonds given to creditors, £1,160,000; capitalised interest, £2,376,000; and equipment bonds, £500 000. Practically it comes to this, without wearying you with further figures, that the total increase in the capital account has been £64 100, and of that £460,000 has been expended in improving the road, in new engines and cars, sidings and stations, and payment for land The balance has merely gone in payment of those floating debts which, under the arrangement of 1862, had to be paid in cash and in payment of certain purchases of land which we could not pay in equipment bonds or in fourth preference stocks. Therefore, practically speaking, the amount of useable capital placed at the disposal of the management little exceeded £450,000, although the actual amount of cash put into the concern, since 1861, has been £641,000. The next matter I wish to call attention to is the large amount expended on renewals in this period. You will observe that it is no less than £701,380. I know there are those who have said that all we have stated to you with regard to loss upon American currency, and with regard to increased price of wages and materials, in consequence of the American war, was mere nonsense: that there had been no actual loss, because although we received payment with diminished currency we got higher rates which we paid away at par; and there was no loss upon labor and materials, because they had not increased in price. You gentlemen who are men of business and who read the newspapers know what have been our difficulties and know something different to that. We believe Mr. Hickson is not very far wrong when he says, "After deducting from the total loss by American currency all that we have gained by increased rates upon traffic, the total loss you have sustained by the American war is not at all short of £740,000 to this date." We may be wrong, but we don't think we are, and we do not hesitate to endorse Mr. Hickson's opinion, which has been given to us in this memorandum, that the total loss owing to these unexpectedly unforseen circumstances is not less than £740,000. Well now, gentlemen, I wish you in justice to the present board for a moment to see where we are and where we were I shall have to take you back to 1859–60. I think it was in 1859 that your railway was managed in Canada by Mr. Keith, a Scotchman, a hard headed and an honest man; and he reported to you that it was very doubtful whether the thing could ever pay at all, and he gave you certain calculations, and if they had not been exceeded it would have turned out as he said In 1861 the Government of Canada appointed a commission, and I fear I must trouble you for a moment to see what this commission said of the state of your property, in order that you may have the thing as it was, and the thing as it is, fairly put before you, and that you should not, with your eyes open, do an injustice to any man. I believe I am addressing men in a fair and just spirit—men who would not do an injustice even if they did not get the result they anticipated, and that if they find that a man has made considerable progress and done his best, they will not condemn him because everything has not turned out as they hoped. What do the commissioners, the Government commissioners—impartial men—say? Speaking of the revenue account they say—"We have made the alterations we have indicated in this account, and giving the benefit of all doubtful points to the accounts as they stand, the true traffic receipts for the two and a-half years ending 30th June, were $6,073,000, and the true expenses for the period were $6,090,000." So that the railway during that period did not pay its actual working expenses. Here is another statement of the commissioners, which shows the then condition of the property:—

"The condition of the track is a serious consideration. The unnecessarily heavy curves and grades, on a part of the central division, are an evil which at present at least we cannot hope to see remedied. But the state of the rails themselves, on that and the eastern division, requires prompt attention. In the present position of the Company it is immaterial under what head it is charged; but we feel bound to express our opinion that the safety of the public and the interests of the road itself require that provision should be made for relaying the greater part of the central and eastern divisions as rapidly as circumstances will admit of it."

Now, gentlemen, you will see then that you had a railway which did not pay its expenses, and that two divisions required immediate renewal. They said something further; they said you ought to have an adequate supply of plant to deal with the traffic that was offered to you. They said further, that you had no proper terminal accommodation, that you were two miles away from the centre of the city of Montreal, that you were quite in the background at Toronto, that in other places you did not approach the population, and therefore, could not get the passenger traffic, and that as regards plant you were deficient; that you had no "elevators," which are absolutely necessary for the conduct of railway traffic in a corn-growing country. And they said further than that—that your enterprise was thoroughly unpopular, and that you had no credit. I certainly found these two latter observations fully borne out when I went to Canada in August, 1861. I found an incapable management. Even the wages and salaries of the lowest of your men were weeks in arrears. You had no credit for anything you wanted to buy the trains kept no sort of time, and the whole thing was in a muddle and confusion. Now there came recommendations to put you out of those difficulties. The recommendations of the Government commissioners were that you should reduce your capital. I do not know to what point they wanted you to reduce it, but I suppose they wanted you to assume that your net profit was very small, and then to reduce your capital to fit the extent of profit. That would have been a confiscation of a large portion of your property. There was another view, the popular and Canadian view, and when I see the statements of these letters coming from the other side, I do not forget that I have got a book at home, as large as a family bible, filled with attacks upon me by the Canadian press, because I would not, in your interest, allow the line to be put up to auction and sold. And I tell you now, when I shall in a few weeks cease to have any connection with you other than that of a friend always ready to give you my advice and gratuitous aid, that if it had not been for me at that time, your railway would have been put up to auction, and little property as you have now, I question whether you would have any them; because you may depend upon it that Canadian auction and Canadian bidders would have given you very little for your line. That being the state of things I want to see what progress has been made, and if any man turns round upon me and says, "have you never made a mistake?" I say I do not believe that any man engaged in large enterprises never made a mistake. Looking back now, I see that we have made mistakes; but we have never been actuated by low personal motives, and have never been guilty of a job—and I believe that, when we come to the vote, the vote of this meeting will be that we have anxiously and honorably done our best. (Cheers.) Now see where we are—and first take net profit, and take net profit in the face of the government commissioners' report—that the railway was not paying its working expenses; that it had been neglected; and that two divisions of your line required immediate renewal. In 1861 you earned £142,000 net profit, in 1868 you earned £280,000. I admit that you had a somewhat larger mileage in the latter year; but allowing for that, in these two years you increased the profit 100 per cent. I will take the whole period. Remember, the commissioners tell you that for two years and a half you had made no profit, but had sustained a loss, and that the thing did not pay. Now during the time we have had it under our management it has made a profit of no less than £1,823,569. And how have we distributed that profit? To the leased lines, which are just as much your property as any other part of the system, including the Buffalo and Lake Huron and Champlain lines, we have paid £874,000. For interest and other claims set forth in the report, we have paid £624,500; and we have distributed amongst the first, second and third preference bondholders £325 000. Well, I mean to say that we took a railway which official people said would never pay, and we have restored it to the condition of a money-making concern, and it has earned under our management £1,800,000. I spoke of renewals. The commissioners told you that renewals had been neglected We have expended £700 000 in effecting those renewals while we have had the management of your property. And I say this in justice to Mr. Brydges. I have supported Mr. Brydges when I thought he was right, but when I have thought he was wrong I have never hesitated to tell him so; and, as I have said, no man is always right. I speak in the presence of experienced railway men. I see Mr. Coles Child present, an old railway director, and a man of business experience; and I ask where there is a greater test of the efficiency in a commercial sense of the management of a railway than is to be found in the amount of money it earns per engine and per carriage. Remember, the commissioners told you you had not plant enough to do your work, and therefore it cannot be alleged that the result was brought about because we had an excess of plant when we took possession. The credit I claim is, that having, as they say in Canada, a deficiency of plant to work a very moderate amount of traffic, we have worked it with the results I am about to state. In the half-year ending June, 1862, we earned £382 952 In the half-year ending June, 1868 I do not know whether Mr. Conybeare is present, but if he is I beg to tell him I have deducted the American currency, and that I have reduced the thing to sovereigns on both sides—in the half-year ending June, 1868, we earned £646,797. In 1862 we had 227 engines; in 1868, we had 298 I am taking the whole line and all the engines In 1862 we earned £1,602 per engine; in 1868 we earned £2 104 per engine. Then taking carriages or cars, as they call them in Canada—in 1862 we had 3,284 cars; in 1868 we had 4,104. In 1862 we earned £124 per car, and in 1868 £153. And yet, although we had a deficient plant, according to the Government commissioners and everybody else in Canada, we had people coming to our meetings and saying we had more plant than we ought to have. Well, now I will just say a word, if you please, in reference to my friends Mr. Creak and Mr. Ritter. I am bound to say that although I do not think they have been perfectly discreet, they have been, at all events, honest and honorable opponents, and as long as a man will fight fairly I do not care how he fights. I will first take Mr. Creak. Mr. Creak attended our last half-yearly meeting, and I am bound to say that he got the better of me in one matter, for he started a point as to the comparative consumption of fuel by the Great Western Canada Company and the Grand Trunk, and I am bound to say that the answer I gave perhaps hardly met the question Mr. Creak said—I am quoting from the corrected report—

Mr Creak: I never corrected a report.

The Chairman: Then I am quoting from the report corrected by the secretary. Mr. Creak said: "See what the Great Western of Canada pays for its fuel. It cannot be said that the Great Western had any advantage with regard to fuel. If there was any difference, I think the Great Western had the worst of it. Yet I find the Great Western paid 12s. 9d. for a cord of wood, while this company paid 13s., and this makes a difference of £4,200; and I find that in this way there was a loss of £12,000." Now, in justice to Mr Creak, I must say that some of the papers printed it £120,000, and it was because I felt convinced that Mr. Creak would not say anything that was not correct that the board sent Mr. Trevithick to Canada to