

TO THE DIRECTORS OF THE GRAND TRUNK RAILWAY
COMPANY OF CANADA.

GENTLEMEN,

You are aware that in the present condition of the Company's affairs my presence in London was deemed necessary, although you concur with me in considering my repeated absences from Canada as detrimental to the interests of the line; and a meeting having been called for the 2nd January next, it is proper that I should make some remarks on the state of the Company's affairs in Canada, and on the Reports just presented by Mr. Shanly the General Manager of the Company, and by Mr. Mackenzie the Locomotive Superintendent (both now appended).

With regard to the state of the Railway, the line is in excellent working order: the permanent way as well as all the great works being in good condition.

The result of having taken the maintenance of the road into the Company's hands, instead of letting it by contract, is satisfactory.

With respect to the traffic, my belief in the realization of previous estimates is undiminished. There are, however, peculiar difficulties to be contended with, arising from the great periodical fluctuations in the amount of traffic at different seasons, which entails the necessity of having at our disposal ample rolling stock to meet the maximum requirements of trade, without which the opportunities for establishing and maintaining a good average receipt throughout the year would be lost; and also in the disproportion which exists between the Eastward and Westward bound traffic, whereby the trains going to the West are comparatively empty. At present our supply of rolling stock, and extent of terminal accommodation and sidings, are altogether inadequate, and, as far as an *a priori* estimate can be given, will require a further expenditure of from £400,000 to £500,000.

The traffic, which had for some weeks since the last harvest risen to an average weekly return of upwards of £16,000, has been unfavourably affected by the general financial collapse in credit in the United States, and which has operated alike on the traffic, and on the value of the securities of all the American railways connecting the Atlantic with the West.

Much criticism has been directed against the agreements entered into with the Great Western Railway and the Steamboats; I have elsewhere explained the motives which prompted these arrangements, the sole object being to avoid unnecessary and ruinous competition with existing interests. A Parliamentary Committee having pronounced against these agreements, and eminent legal authorities having declared