

## THE GREAT WESTERN RAILWAY OF CANADA.

The Capital, which the Company may raise by Subscription under the Acts of the Parliament of Canada, incorporating it—the Act 8 Viet. c. 86, s. iv., provides—may equal, but shall not exceed (60,000 *Shares of £.25 Currency each*), or . . . Currency £1,500,000

The Capital required to complete the whole Line, according to the Report of the Chief Civil Engineer, Charles R. Stuart, Esq., dated September 1st, 1847, and very recently confirmed by the present Acting Engineer, R. G. Benedict, Esq., will not exceed . . . Currency £1,250,000

The Stock taken and engaged to be taken, according to the information in possession of the Agents in England, Mr. Buchanan and Mr. Atcheson, at the close of the last year, amounted to 41,317 Shares, or . . . Currency £1,033,675

But this amount was subject to contingencies, which rendered a revision of the Subscription List necessary.

The Railway Guarantee Act of the Parliament of Canada, (12 Vic. cap. xxix.) empowers the Governor in Council, on behalf of the Province, to guarantee the interest on loans raised by any Company, chartered by the Legislature for the construction of a line of Railway, not less than 75 miles in length, within the Province, on condition:—That the rate of interest guaranteed shall not exceed six per cent. per annum,—that the sum on which interest shall be guaranteed, shall not be greater than that expended by the Company before the guarantee is given, and shall be sufficient to complete the road to the satisfaction of the Commissioners of Public Works:—that no guarantee shall be given, until one-half of the line shall have been completed,—that the payment of the guaranteed interest shall be the first charge upon the earnings of the Company,—that no dividend shall be declared so long as any part of the guaranteed interest remains unpaid; and that a sum equal to three per cent. on the principal, shall be annually set aside out of the surplus profits, as a fund for the redemption of the Loan.

The provisions of this Act, therefore, opened three courses to the Directors:—

- I.—To attempt the completion of the subscription to the full extent of the capital, authorised to be raised, without calling up the full amount subscribed.
- II.—To reduce the present and promised subscription to two-thirds of that amount, £1,000,000, calling up the whole amount subscribed, and borrowing the balance under the provisions of the above Act.
- III.—To reduce the subscription to one-half of the authorised amount—£750,000, borrowing the other half or an amount sufficient to complete the work.

But, as the expenditure of £625,000 in the completion of half the line, entitled the Company to the Guarantee of the Provincial Government on the loans, necessary to complete the other half—there was clearly no absolute necessity to seek new Subscriptions either in England, if the feeling of this Country was adverse to the undertaking, or elsewhere; while the adoption of the second or third course above mentioned, besides rendering the Company independent of further subscriptions, placed in their power some important advantages, *viz.*,

First.—The reduction of the amount of stock capable of being thrown upon the Share Market, in this country, or the United States.

Second.—Increased facilities for negotiating the debentures of the Municipalities in the Province, that had subscribed to the Company's stock.

Third.—Additional and important inducements to capitalists to take the Company's debentures with the guarantee of the Provincial Government; and a large reduction in the amount of the guarantee necessary to be obtained.

Fourth.—Certainty in the periods, when the guarantee will be required, and the means of enabling the Provincial Government to arrange the issue of these debentures at the times and in the mode most favourable for their negotiation to the best advantage.

Upon a careful review of all the circumstances, and after a strict revision of the Subscription List, The Directors resolved to adopt the second course, and to limit the present amount of capital to be raised by Subscription, to £1,000,000 Currency, or 40,000 Shares, being two-thirds of the amount authorised by the 8th Viet. c. 86.

Of this amount, 30,000 Shares were appropriated for Subscription in Canada and the United States. The remaining 10,000 Shares were reserved for Subscription in Great Britain.

In deciding on the issue of 40,000 Shares, rather than 30,000, which would have been more than sufficient to entitle the Company to the Provincial guarantee for a sum exceeding the amount neces-