

ERIE & NIAGARA
EXTENSION RAILWAY.

No. 2.

STATEMENT

OF

WM. A. THOMSON,

PRESIDENT OF THE PROVISIONAL BOARD.

TORONTO, 14th DECEMBER, 1869.

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From the unblushing means used to frustrate the amendments to this charter in Standing Order and Railway Committees, with the Press all on one side, and no avenue open to develop facts in the usual manner, this method of circular becomes necessary.

I ask for this company just what you find in our Bill, No. 36; not one of these amendments will hurt any one.

The Great Western, if they had a charter from this Legislature, could do nothing with it until the spring of 1871. They will require a permissive Act from the Dominion Parliament, and a vote of their shareholders at their annual meeting next October, and which, if they are in earnest, they could be getting between the present time and the next meeting of this House, before they could advance money for the contemplated line from Glencoe to Niagara River. Consequently, our charter would not stand in their way as to time, for providing we failed to organize, under a short extension of time, and had not proceeded with construction within any time not exceeding six months from 28th February next, they could get a charter next Session.

If, therefore, the G. W. wants to construct a new line in good faith, and not simply to destroy us, they or the country will not lose a day by your presently respecting our charter, and refusing them a charter until your next Session.

We accepted this charter at your hands only twenty-one months ago. The cry is absurd that nothing has been done in that time, for much has been transacted which will enable us to go a-head immediately, and which was absolutely necessary towards organization and construction.

The steady pertinacity of our opponents in ringing the change on the theme of nothing done, has given a force to this false notion of time unimproved, which any one knowing aught about railway construction and organization, would smile at. Twenty-one months could not be deemed a liberal length of time in which to plant a capital of ten or twelve millions of dollars in the face of the determined hostility of created lines, and, therefore, I feel convinced that any one placing this question of time as a charge against us, and why we should receive no further consideration, must be prejudiced by the active poisoning of our opponents, or by misconception of the heavy nature of railway finance and construction.

It cannot be stated too often that the gauge named in our original charter was most damaging; it was the last part of the Act; and although I declared at the time that the charter was not worth ten cents, with the five feet six inch gauge, yet all the modification granted was that we might put down a third rail. This

third rail principle is the greatest railway mistake of the day. In steel, it would cost, on our line, one million of dollars extra, and it is seriously productive of great loss of life and destruction of freight trains; it makes the most dangerous rail track in the world; just look at the many trains continually going off the track on the Great Western.

The guage affair has been a positive obstacle to our success. Since the date of our charter, the public mind has been much enlightened in Canada by the reduction of every railway in England to the 4 feet 8½ inch guage, and by the discussions in Canada on the same subject: all pointing to the abandonment of the broad guage. The dead weight carried on every train is fifteen per cent less on the 4 feet 8½ inch than on the broad guage; this difference would pay a moderate dividend. I do not expect any difficulty with your House on this subject. What I dread most is the questionable means being used to thoroughly prejudice you against an independent enterprise. The persistence of the belittling—of the false—of the slanderous—however often such has been proved unfounded before the Railway Committee, compels me by this method to ask at your hands justice and fair play for our company and the people we appear for.

It cannot be possible, except under want of information, that the House will allow itself to destroy a charter this session which the same House granted two sessions ago, and under which much money, labour and time has been expended, and which charter is unexpired in time, and does not expire until the 28th February next. The granting of a charter to the Great Western, or to Messrs. McMaster and Joy, over practically the same line of country, would effectually do that. I claim that with our amendments granted we will give the whole line of country a railway sooner than the Great Western can, and that our position in the German, English and American markets, from the thorough knowledge of our line already infused into these markets, is fully as good, if not better, than the Great Western, from their having the incubus around their neck of an undue amount of capital stock for the amount of railway represented, viz.: over twenty-nine millions of dollars; while we can show that we shall construct as many miles of railway, more favorably located, for about ten millions.

There is no public good in monopoly; it is a curse to general progress. In railways it takes vast sums from the people. Give the control of the south-western peninsula of Canada to the Great Western, and their extra charges will, even with present population, take annually nearly half a million of dollars out of the people. Look at the State of New York: there, two cents a mile in greenbacks; here, three cents a mile in gold, is the passenger charge; local freightage proportionable. There, the New York Central pays eight to ten per cent; here, the Great Western pays two to four per cent, showing that competition is better than monopoly for both people and railway companies.

If the Great Western increased their stock only five millions to build a line without rolling stock to Glencoe from the Niagara River it, would swell their capital to thirty-four millions of dollars.

We propose to construct a line (from Fort Erie to Detroit), 220 miles, and 60 miles from St. Thomas to St. Clair, thoroughly equipped for ten or eleven millions of dollars, or one-third. Now, just reflect which of these lines will work cheapest for the people, and consequently advance the country the most. To give the Great Western or the Michigan Central the absolute monopoly of rail in South-Western Ontario, and thus obliterate all chance of healthy competition, is a step which, if taken, will create more material loss and more political discontent than anything that has ever happened in Canada.

I do not care what Mr. McMaster has said, or may say to the contrary, or how much Mr. Joy beats round the bush, I affirm, from positive knowledge, that there

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are only the terms to be agreed upon, to make the owners of the Michigan Central masters of the future civilization and political growth of South-Western Canada, provided the Great Western is granted the monopoly sought for at this moment. It is unjust to call me a railway speculator in the matter of the present line—it is well known that I constructed, under much greater difficulties than held in the present instance, the Erie and Niagara, from Fort Erie to Lake Ontario, and that I am the chief owner of that line at the present time, and that I am a considerable owner of real estate at Fort Erie, one of the termini of the line now sought to be constructed, and it may be further stated that the line already constructed by me will furnish the Niagara Falls and Lake Ontario outlets for the new line. Thus my motives are strongly shown for desiring the construction of an independent line to the Detroit and St. Clair Rivers, and ought to be ample to silence the cry of the Great Western people about my making merchandise of charters.

If our prospectus for an independent line, and that of the Great Western were before the market in London, the latter for five millions to be added to their present twenty-nine millions, our stock would be taken up first in the London market—I say this from solid information on the subject.

All the "high-faluting" of the Great Western advocates falls dull before the incubus of their twenty-nine millions of debt and stock, while we are strong from the excellence of our line and the moderate cost of construction.

Two hundred and twenty petitions, largely signed, have been presented against the Great Western getting a charter between Glencoe and the Niagara River. This is significant of the sentiment of the people most interested against railway monopoly.

I hope the House will grant our amendments, including a short extension of time, and that no other charter will meantime be allowed over the same line of country during the existence of our charter, thus securing us in what we respectfully claim as simple equity.

WM. A. THOMSON,

President E. and N. Ex. R. W. Co.

TORONTO, 13th December, 1869.

APPENDIX, No. 1.

Contradiction to the evidence of Messrs. McMaster and McInnis, before the Railway Committee.

1st Extract, as follows, from the last report of the directors of the Great Western, dated London, 27th October, 1869:—

"The development of this traffic will, doubtless, lead to a closer alliance with some of the lines between New York and Chicago; indeed, the Erie, Lake Shore and Michigan Southern Railroads, are already said to be *consolidated*. Should any definite and acceptable proposal be made to this company, they will be submitted to the shareholders for their consideration."

2nd. Mr. Head, a director, said that a proposition was then in the office in London, from an American company, pointing to a peculiar alliance. As this alliance means consolidation, no doubt the line from Glencoe to the Niagara River is in the interests of the American consolidators, and, therefore, the refusal of such a line would frustrate such consolidation.

APPENDIX No. 2.

This shows the opinion of the American correspondent of the London *Times*, from the columns of which paper it is taken:—

GROWTH OF RAILWAY INFLUENCE IN AMERICA.—The Philadelphia correspondent of the *Times* says:—A great many Americans think the ultimate rulers of the United States will be the managers of the gigantic railway corporations which are now able to control the state legislatures, and may soon overawe congress. At present the capitalists are using all their influence in the share-markets, in seeking to get control of the leading railroads of the country, which aggregate in cash receipts more than \$500,000 a day, and some \$200,000,000 a year. To further their ends, the money markets, courts and legislative bodies are all in process of manipulation, and the object sought is no mean one—the control of the great highways over which 40,000,000 people, in a widely-extended country, with the produce they consume, travel. The control of the through route from the Atlantic to San Francisco, is the basis of the scheme, and the three chief competitors are the Erie, the New York Central, and the Pennsylvania Central Railways—Jay Gould, Cornelius Vanderbilt and John Edgar Thompson being their respective heads. Pennsylvania, for many years, has been ahead of New York in its arrangements for railway connections with the west, and the shrewdness of the managers of the Pennsylvania Central has heretofore given them an advantage and profit beyond either of their competitors. Neither company, however, is at all backward, and they buy, lease or capture western roads with a boldness and dexterity which only their utter defiance of courts and the law can give. When the Pacific Railway is completed this war will be at its height, and the party that wins will be the most powerful combination in the country. The Pennsylvania Central has the largest capital and the best constructed roadway, with the chief apparent advantages in the contest at present; but the consummate skill of Vanderbilt, by far the ablest of the three rival railway presidents, may finally give his road the victory. The commerce of the Mississippi valley, independently of that across the continent, is no small prize to contend for. Railway and water navigation divide it. Upon the Mississippi and its tributaries, which open up an inland navigation of 30,000 miles, there annually float \$1,000,000,000 of commerce. The railways carry as much more. In former times the traffic with foreign countries was looked upon as the most important American interest. It is now dwarfed by the transportation and handling of domestic products for domestic markets. In 1860 the entire product of the country was over \$1,900,000,000, while its foreign exports were not one-fifth that amount. It is estimated that at the present time not more than 1-15th of the business of New York city is based upon foreign commerce. The Mississippi drains 1,785,000 square miles, which is more than one-half the surface of the United States. It contains nearly 800,000,000 acres of the finest land in the world. Its future is full of promise, which even its great present prosperity fails to give conception of. Were its population as dense as that of Massachusetts, it would contain 200,000,000 people, five times the present population of the country. At this time not over one acre in five is under cultivation, and the mineral resources have scarcely begun to be developed. Its people are probably now the majority in the country, and the ultimate controllers of its transportation will have a power and reap a profit almost beyond calculation. The prize is greater than any political party can set up, and *the victor will be able to rule the politics as well as the transportation of the country.*

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APPENDIX No. 3.

(From the New York Herald of Saturday last, 11th December, 1869.)

"The Camden and Amboy Railroad monopoly tells an instructive story of New Jersey; the Baltimore and Ohio monopoly tells a similar story for Maryland, and the national capital, under which even the Congress of the United States for a generation or two has been paying a provisional tribute to the Cæsar of a railway corporation. The State of Illinois, under a special railway grant of the public lands from Congress, has been put under the government of the "Illinois Central," which can say to the Legislature, "Thus far shalt thou go and no farther," and be obeyed. Here in New York a patient though sorely perplexed people are anxiously awaiting the upshot of the "Erie war," but with some expectations that it will end in the complete occupation of the State by Cornelius Vanderbilt or his successor in office. And so we have, or are promised, in every State a railway monopoly which may establish its own rates and regulations by buying up or tying up courts, Legislatures and political parties."

APPENDIX No. 4.

Shewing earnings and miles of Railway terminating in Chicago, and of the Railroads connecting therewith—North, South, and West from latest reports.

NAMES OF RAILROADS.	Length, Miles.	Gross Earnings.
Illinois Central.....	852	7,817,629
Chicago and Alton.....	430	4,508,642
Chicago, Burlington and Quincy.....	523	6,154,647
Peoria, P. and Jackson.....	71	350,000
Cincinnati.....	73	438,000
Chicago and North-Western.....	1222	12,614,846
Milwaukee and St. Paul.....	830	6,547,646
Mineral Point.....	43	102,118
Sheboygan and Fond du Lac.....	20	32,260
Western Union.....	197	758,786
Missouri Valley.....	84	400,000
Burlington and Missouri.....	205	1,445,860
Des. Moines Valley.....	162	710,240
St. Paul and Sioux City.....	86	232,954
St. Paul and Pacific.....	75	400,000
Sioux City and Pacific.....	108	127,000
South Minnesota.....	50	250,000
Union Pacific.....	1084	5,066,651
Union Central Division.....	100	500,000
Union East Division.....	438	1,910,161
Central Pacific.....	692	4,989,151
McGregor and Sioux City.....	85	498,235
Council Bluff and St. Joseph.....	52	153,854
Cedar Falls and Minnesota.....	42	55,465
Hannibal and St. Joseph.....	338	3,500,000
Winona and St. Peter's.....	105	350,000
Louisville N. A. and Chicago.....	290	1,750,000
Keokuk and St. Madison.....	50	200,000
Lawrence L. and Galveston.....	27	100,000
Kansas City and Cameron.....	53	200,000
Total.....	7387	\$62,159,945

There are only three lines to carry this traffic eastward, and a view of the figures will shew the necessity of further railway accommodation between Chicago and New York.