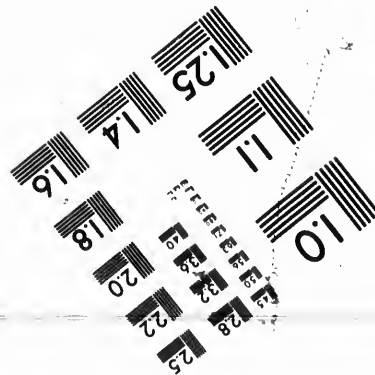
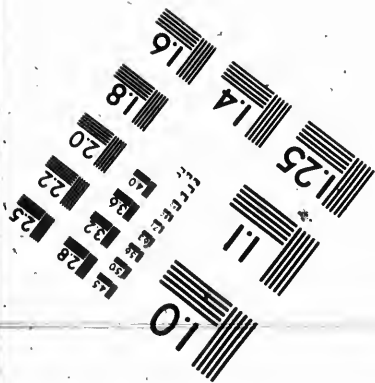
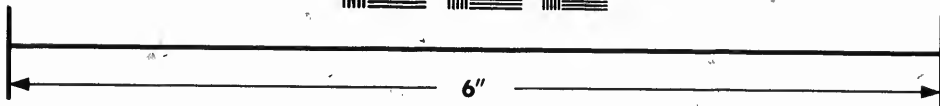
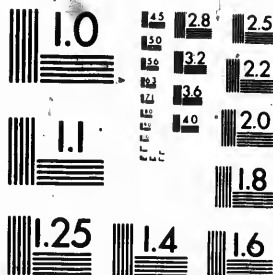


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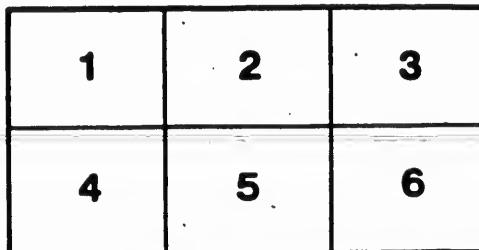
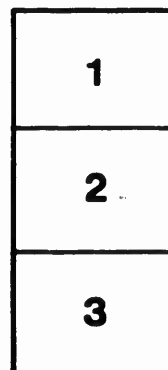
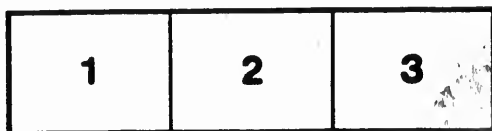
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GRAND TRUNK RAILWAY COMPANY OF CANADA.

VERBATIM REPORT

OF THE

PRESIDENT'S SPEECH

AT AN

**ORDINARY GENERAL MEETING
OF THE COMPANY,**

HELD AT THE

**CITY TERMINUS HOTEL, CANNON STREET,
LONDON, E.C.,**

On Tuesday, October 30th, 1888,

IN PURSUANCE OF THE FOLLOWING ADVERTISEMENT:—

Notice is hereby Given that the Ordinary General Half-Yearly Meeting of the Grand Trunk Railway Company of Canada will be held at the City Terminus Hotel, Cannon Street, London, E.C., on Tuesday, the 30th day of October, 1888, at Four o'clock in the afternoon, for the purpose of receiving a Report from the Directors, and for the transaction of other business of the Company.

Notice is Further Given that a resolution will be submitted to said meeting, authorising the Directors to acquire the First Mortgage Bonds of the Toledo Saginaw and Muskegon Railroad Company by exchanging therefor a portion of the Perpetual Four per Cent. Consolidated Debenture Stock now held by the Company.

Notice is also Given that the following traffic contracts will be submitted to the said meeting for approval, or otherwise, viz:—

A traffic contract between the United States and Canada Railroad Company and the Grand Trunk Railway Company of Canada.

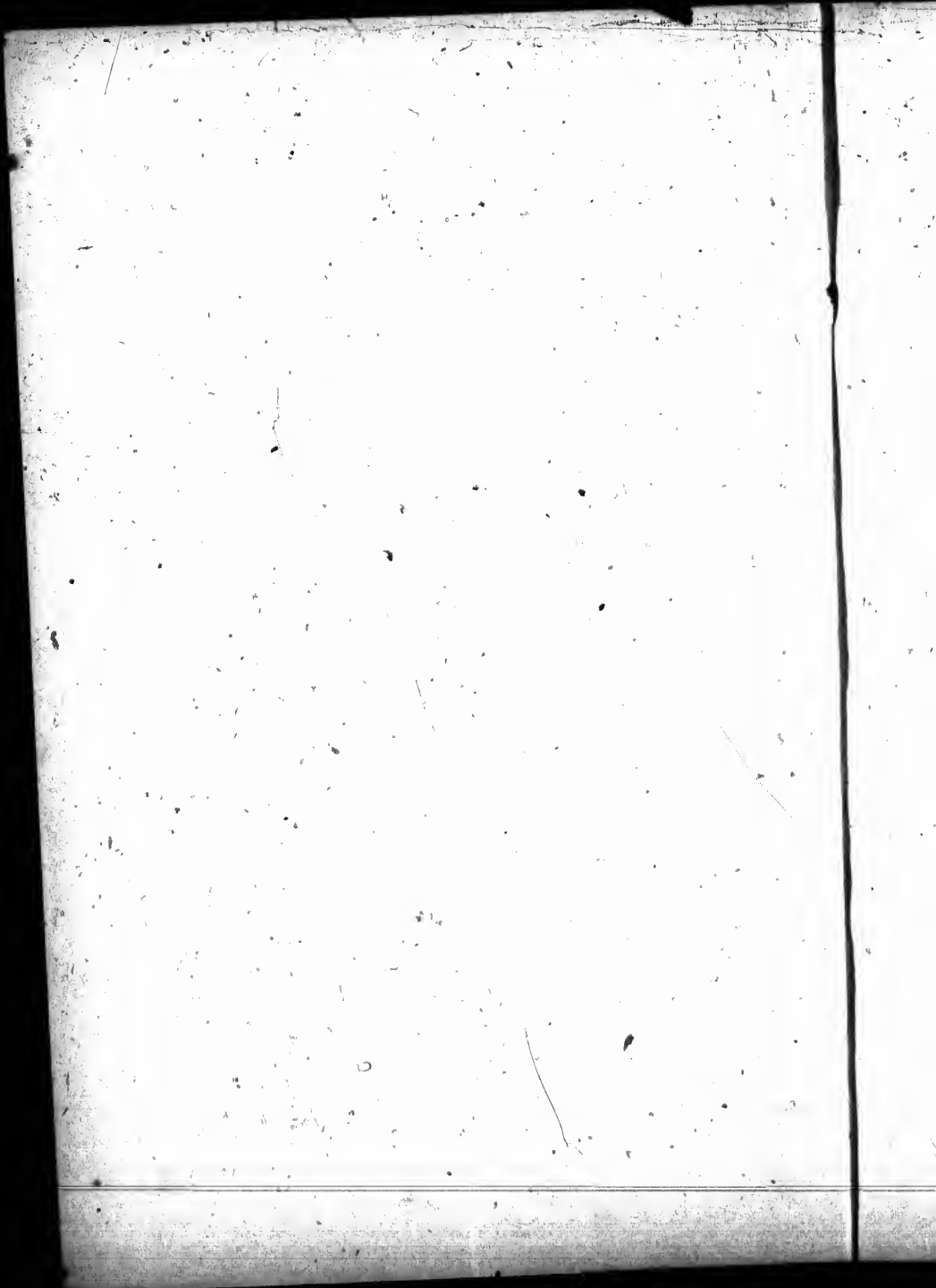
Also a traffic contract between the Beauharnois Junction Railway Company and the Grand Trunk Railway Company of Canada.

Notice is also Given that the Transfer Books of the Company will be closed from Saturday, the 6th day of October, to the day of meeting, both days inclusive.

By order,

H. W. TYLER, President.
J. B. RENTON, Secretary.

Dashwood House, 9, New Broad Street,
September 28, 1888.



GRAND TRUNK RAILWAY OF CANADA.



VERBATIM REPORT

OF THE

PRESIDENT'S SPEECH

AT AN

ORDINARY GENERAL MEETING OF THE COMPANY,

HELD AT THE

CITY TERMINUS HOTEL, CANNON ST., LONDON,

On Tuesday, 30th October, 1888.

The SECRETARY (Mr. J. B. Renton) read the notice convening the meeting, and the report and statement of accounts were taken as read.

The CHAIRMAN (who was received with cheers), in moving the adoption of the report, said: I have only recently returned, gentlemen, from rather an extensive tour in Canada and the United States. I have visited, as you may imagine, many points of interest in those countries, and have had long discussions with our officers upon various points upon which we are much interested. I went first to New York, and from thence to Sarnia, in reference to our tunnel, the works of which I desired to see at once, there being questions connected with it which I wished to discuss with our engineers. I went next eastward to

The Grand Trunk Railway of Canada

Montreal, and after that I came westward again to our Midland system, and passed over our Northern and North-Western system up to Lake Nipissing. I may report to you that the Northern part of this last system—which was only opened, as you will remember, in May, 1887—promises to give better results to us than any other branch which we have taken over. There are very extensive timber limits—the best, perhaps, which are left in Canada—to which it gives access, and which will give us for the next twenty years a good traffic in lumber. I then went westward over the Canadian Pacific to the Sault Ste. Marie and saw the bridge which has been constructed there—though the approaches had not been ballasted—and forward over a line of which you have heard a good deal, and which has been the subject of contention, and from which it was stated that we had been cut off—the line from the Sault Ste. Marie to Duluth. It is quite true that the friends of the Canadian Pacific, by means of a large sum of money, have, for the moment, obtained control, for what it is worth, under certain conditions, of that line, but we have not yet suffered in any respect from that occurrence. It is a question how far that line will be able to do very well in the immediate future. There are parts of it over which the traffic is very heavy. There is a good deal of traffic in connection with the copper mines of the Hecla and Calumet district, and there are extensive iron mines which find their outlet at Marquette and Escanaba; but the new portion of the line has been built through the forest, and there has not been much through traffic

coming from that district, though there is plenty of timber to be dealt with in future. No agreement had been made with the Northern Pacific. There was no working connection with Duluth—no organisation for through traffic. We have time before us, and we shall have opportunities, to take advantage in the future of what may happen in that direction. I next went westward over the Northern Pacific to the Pacific coast, and visited the ports of Tacoma, Seattle, Port Townsend, and—what I was most of all anxious to see—the terminus of the Canadian Pacific at Vancouver. I then went southward to Portland, Oregon, San Francisco, and Los Angeles, and eastward over the Atchison Topeka and Santa Fé, which you will remember is our new connection at Chicago, from which we have already derived a great deal of advantage, and from which we may hope to derive greater advantage in the future. I shall say more in regard to that line by-and-by. Returning then to Chicago, I was on our own system again.

I always prefer, when it is possible, to see and judge for myself, and I think no amount of labour or of travelling or of inconvenience should be spared to attain that object. I have also been more impressed than ever on this occasion with the great advantage of such visits, in our own interests, to the other side of the Atlantic, for obtaining information, and for useful discussion with Mr. Hickson and our officers; and for establishing, improving, and extending friendly relations with other companies, and with those with whom we do business in that country; and I may

add that many of our officers have expressed to me the great pleasure and satisfaction it gives them to see me over there as representing so large an interest in this country, as a sort of bond of union between you gentlemen on this side, and our officers on the other side—that it gives them great encouragement to see one who is able to appreciate their efforts and to give them good advice, and to be the means of communication between them and the board. (Applause.)

I presume we may take the report, which we forwarded to you a week ago, as read. You will have seen from it that the results which we have met to discuss, of the past half-year, have been disappointing and unsatisfactory, both in themselves and as compared with the corresponding half-year of 1887. There was only a slight increase of £4,378 of passenger and sundry receipts, whilst there was a decrease of freight and special receipts of no less than £135,575, making a total decrease of gross receipts of £131,197, from which, deducting £43,523 for decreased working expenses, there remains a net decrease of £87,674. In fact, the net receipts for the half-year were only £512,039 as against £599,713 for the corresponding half-year. Those figures, as we have told you, include the Northern and North-Western for both half-years, the corresponding half-year having been corrected for comparison. Like other lines, the first half-year is the weak half-year in the Northern and Hamilton and North-Western; and also—I must not omit to say—

the interest on the Pacific Junction line—that is, the extension to Lake Nipissing—which was only opened on May 15, 1887—brings an extra charge for four and a-half months against this half-year, of rather more than £8,000. Charging that interest, we have a deficiency by this connection of £7,000 in this past half-year. But in the current half-year we shall have a result in the opposite direction—that is to say, we may properly expect a corresponding addition, and more than a corresponding addition, to our net receipts, instead of showing a loss; and I assure you that we have every reason to be satisfied with the prospects of this, our latest, acquisition. (Hear, hear.) Even in the past unfortunate half-year, the gross receipts in freight and passengers on the Northern and North-Western show a moderate increase, while the working expenses have been reduced from 60.43 per cent. in 1887 to 56.60 per cent. in 1888. Then, as regards the Pacific Junction, to Lake Nipissing, as I have mentioned, that will be, as we develop it and open it out, a very valuable addition to our system. Some little money will have to be expended upon it for that purpose, but such money as we may expend will bring us in a very ample return. The property in Toronto which was possessed by the Northern Railway is of the most valuable character, and even if it had been for that alone it would have been worth our while to make the arrangement we did with the Northern and North-Western system. There have been already some improvements made as regards our traffic with regard to these systems. There has

been some beneficial diversion of traffic as between the Midland and the North-Western routes, by which as much as 50 miles of carriage, and a corresponding amount of time and expense have been saved. Then, again, at Toronto, Hamilton, Georgetown, Caledonia, and Orillia, economies have been effected by consolidating the staff. At Orillia there were two viaducts, not a very great distance apart, over the lake. One of these is no longer necessary, and a good deal of money will be saved, which would otherwise have had to be expended in putting it in order.

Returning now to the Grand Trunk system proper, I want to consider with you in detail the causes of the disappointing results of the past half-year. As regards the passenger receipts, as I have mentioned before, there was a slight gain of £4,378. The numbers carried were 2,654,759, and were in excess of any previous June half-year—viz., 398,537 more than in 1885, and 290,061 more than in 1884; but the average fare for passengers was less than in any year, except 1886—viz., 4s. 0¼d. That arises not so much from lower fares over the general system, but partly from travellers being carried shorter distances—that is to say, from a larger proportion of short and suburban traffic, and a smaller proportion of longer-distance traffic. The money receipts from passengers were greater than in the June half-years of 1887, or 1886, or 1885, but less than they were in 1884 and in 1883, for the obvious reason that the fares in those two years were 25 per

cent. higher. I have here a detailed list of thirty-seven companies with which we exchange passenger traffic, and I find that there is a general increase to and from those companies on to the Grand Trunk system. Of course there are fluctuations as regards individual companies; but, taking them as a whole, there is a general increase in traffic exchanged with these thirty-seven companies. The local passenger traffic has not been buoyant in the half-year under review. No doubt it was affected by the deficient harvest in the previous autumn. The suburban traffic has been growing, and our officers have increased the passenger trains, or maintained the passenger train service, as much as was justified by the circumstances, or required in the face of the competition to which the company is more and more subjected. They are obliged to do more than they otherwise would do, by the amount of competition they meet with, but they have been very careful in so adjusting the passenger train service to meet the competition, and at the same time to work as economically as possible. We have had some increase of immigrant traffic on the Grand Trunk by way of the Niagara frontier, but a decrease by way of the St. Lawrence, which is the natural result of the immigrants by the St. Lawrence being directed to the North-West along the Canadian Pacific. It must be recollected that in 1883 and 1884, when the passenger receipts were so good, we had a monopoly of all passengers going to the North-West, which naturally we have lost since the Canadian Pacific has been constructed. Our

net increase of immigrants, as compared with 1887, was 2,852.

However, it is in the freight receipts that we have suffered, and I would ask your patience for a short time while I refer in detail to this very important branch of my subject. There was a decrease in the half-year of 252,000 tons carried, or of 108 million ton-miles, while the rate per ton decreased from 6s. 9¼d. to 6s. 6d., and the rate per ton per mile increased—which you will think rather anomalous, perhaps (because there was in proportion more local and less through traffic)—from 76-100ths to 78-100ths of a cent—that is, by about 1-100th part of 1d. per ton per mile. Now, of the total decrease of tons carried—that is, the decrease of 252,000 tons—208,000, or say rather more than four-fifths, was in through traffic; and of the 108,000,000 ton-miles, 63,000,000 ton-miles, or nearly three-fifths, was in through traffic; so that, taking it one way or the other, the decrease was from three-fifths to four-fifths in through traffic. You will thus see our main falling off was in through traffic, though there was also a considerable falling off in local traffic—namely, of 44,000 tons, or rather less than one-fifth of the total decrease of 252,000 tons—and 45,000,000 ton-miles, or two-fifths of the total decrease of 108,000,000 ton-miles. Let us next look at the question of east-bound and west-bound traffic carried in the two half-years. As to the tons carried, of east and west-bound, it was nearly the same—namely, 60 per cent. east-bound to 40 per cent. west-

bound—but the percentage of ton-miles was 66 per cent. east-bound to 34 per cent. west-bound, against 65 per cent. east-bound to 35 west-bound for 1887. But it is very important to notice that of the total decrease of the through traffic above referred to—that is, the total decrease of 208,000 tons—90,000 tons was in east-bound and 118,000 tons in west-bound; and of the total decrease of 63,000,000 ton-miles, 26,000,000 was in east-bound and 37,000,000 was in west-bound. I shall say something about that by-and-by. With regard to the local traffic, there was a decrease of 52,000 tons east-bound, and an increase of 8,000 tons west-bound, making a net decrease of 44,000 tons; while the total decrease of 45,000,000 ton miles was made up of a decrease of 39,000,000 tons east-bound, and a decrease of 6,000,000 tons west-bound. You will thus see that our losses of freight have been mainly in through, but also considerably in local traffic, and that the losses of through traffic—which would not have been expected—have been more in west-bound than east-bound, while the loss in local traffic has been much more in east-bound than in west-bound. Now, we should naturally expect that a seriously defective harvest in the area from which we draw our traffic, such as that of last year, would lead to a considerable falling off of east-bound freight traffic, through and local, and also that the passenger traffic might be injuriously affected; but that the west-bound through freight traffic should be even more reduced is a somewhat astonishing and anomalous result, and one that certainly merits more atten-

tion on the part of ourselves and our officers. So far as we can at present understand it, it seems that the volume of imported and through west-bound business has really been smaller, and also that competition and low rates have prevailed for that traffic by lake and rail against all-rail routes, which have diverted a portion of it. Well, I may mention here that on the 26th of this month those rates have been restored, but I do not know that it is now of very much importance, because the frost is coming on before very long in this region, and that would put a stop to the competition by lake and rail as against all-rail routes. In concluding the subject of our freight traffic, I may mention further that the decreases in east-bound through traffic have been—partly from the Michigan Central—of 44,000 tons from Squire's hog traffic; from the Chicago and Grand Trunk 7,000 tons, about which I shall say something presently; from the Detroit Grand Haven and Milwaukee 28,000 tons. This last 28,000 tons is made up of 1,200 tons less to Portland; 1,200 tons less to Montreal; 9,200 tons less to the Central Vermont, and 16,400 tons less to the Niagara frontier. We have, on the other hand, increases—from the Wabash of 14,000 tons, and from the Toledo and Ann Arbor of 6,000 tons. The most important decreases in west-bound freight traffic were—from the Central Vermont 14,000 tons; and from the Erie 87,000 tons, of which 70,000 tons was in coal. Well, this again was made up partly by the New York Central, which sent us 42,000 tons more coal; and partly by the Lehigh Valley, with 1,000 tons more;

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Report of the President's Speech, Oct. 30, 1888 13

the Delaware Lackawanna and Western, with 23,000 tons more; and the West Shore, which gave us 3,000 tons more. But these figures from different lines are, of course, the results of numerous additions and deductions, the figures showing increases and decreases by the different routes to and from the systems referred to. For instance, I have stated the decrease from the Chicago and Grand Trunk as 7,000 tons, but that is made up of a decrease to Montreal of 8,000 tons, and a decrease to the Niagara frontier of 76,000 tons, making a total decrease of 84,000 tons; whilst, on the other hand, there were increases to Portland of 9,000 tons, to the Atlantic district of 10,000 tons, to the Central Vermont of 49,000 tons, to Toronto and the Don of 3,000 tons, and to local points of 6,000 tons—the total increase being 77,000 tons; and, deducting 77,000 tons from the above 84,000 tons, there is a net decrease left of 7,000 tons. Of course, these matters are constantly changing, and require to be very carefully watched. But I fear, gentlemen, that I have kept you almost too long going into these details, which have not the same interest for you as they have for us.

Mr. HALE: We cannot follow your figures, Sir Henry.

The PRESIDENT: I am sure it must be very difficult to follow all these figures, but if anybody can follow them Mr. Hale can. (Laughter.) It would be probably more interesting to you if I summed up

these causes of deficiency in a few words. (Hear, hear.) The harvest of last autumn, though abundant in the North-West, was very deficient in those regions of Canada and the United States from which we draw our supplies. When there is less to carry there is always the greater tendency to resort to underhand means of obtaining traffic, and accordingly we have had constant rate cutting, and—what shall I call it?—all the devilments of rebates and underbilling and cheating in different ways which unscrupulous agents could invent. Pooling was abolished by the Inter-State Commerce Act, and the system of differentials in rates was the only one left which could be substituted for it, so as to afford to each company the means of securing its proper agreed proportion. It was the only means, in fact, by which the traffic could be legally divided amongst the various routes in agreed proportions; but the system of differentials was unfortunately neutralised and set at naught by the action of the associated—or dissociated, I perhaps ought to say—companies, and no agreements were of any avail; and there has been, of late, a deficiency of good faith amongst the different controlling interests which renders it difficult to obtain any satisfactory and combined result, or to avoid undue competition. Then, again, the defective harvest reacted upon the imports, which decreased, and there was similar competition, especially by lake and rail, for west-bound traffic. While, therefore, we were suffering, as I have indicated, from paucity of

business. and low rates and undue competition, both in through and local traffic east-bound, we were also suffering in even greater proportion from reduced supplies and undue competition west-bound, and so it has happened that the tons moved one mile for the half-year, though showing an increase as compared with 1883, 1884, and 1885, show decreases as regards 1886 and 1887, at the same time that the freight receipts in money were the lowest in the last five years except in 1885. And now I will give you official figures, which will not detain you one moment, to illustrate further the truth of what I have endeavoured to convey as to the diminished quantities exported from America, and imported into this country. Here are extracts of Parliamentary papers which are sent to us every month. They show that the imports of wheat into the United Kingdom from the Atlantic ports of the United States for the nine months ending September 30, 1886, and 1887, and 1888, were as follows—in cwts.:—10 millions in 1886, 18½ millions in 1887, and 5,600,000 in 1888; so that you see the imports into this country from the Atlantic ports of the United States diminished from 18,500,000 in 1887, to 5,600,000 in 1888. Now, that accounts for a good deal of our loss of traffic. Again, Indian corn; which is even more important to us—and I shall have something to say about that presently—the amount of Indian corn imported fell off from 25,000,000 cwts. in 1887 to 19,700,000 cwts. in 1888. The values also diminished, though not quite in the same proportion. I need not

trouble you with that. Here also is a return to Mr. Fairchild, the Secretary to the Treasury of the United States, from Mr. W. F. Switzler, chief of the Bureau of Statistics, showing the exports of breadstuffs, dated June, 1888; and I find from it that, for the twelve months ending June 30 last—which included the half-year under discussion, and the previous half-year—the exports from New York of corn diminished from 14,157,394 bushels in 1887 to 8,667,649 bushels in 1888; and from all the ports in the United States they diminished from $39\frac{3}{4}$ million bushels in 1887 to 24 millions in 1888. Taking also the twelve months ending June 30, the wheat exported from New York diminished from 40 million bushels in 1887 to 25 million bushels in 1888; and from all the United States ports it diminished from 100 millions in 1887 to 63 millions in 1888. You will not, on hearing these official figures, wonder that our traffic fell off, when you find there was so much less exported from America, and so much less imported into Great Britain. I may mention, however, that during those periods we did not get a smaller proportion of the total traffic out of Chicago than we had before, but a larger proportion, which shows that our officers were doing all they fairly could for us under disadvantageous circumstances.

I am happy to say that we are coming in this current half-year, and for the next twelve months, to an opposite set of conditions. (Cheers.) The regions from which our through rail traffic is mainly derived

—viz., Michigan for wheat, and the Western States for Indian corn, which is still more important—are blessed with plenty this year, against comparative failure last year; while the North-West wheat growing States and Manitoba have suffered in some parts very severely from early frosts. You will remember that last year they had an abundant harvest—more than they could carry—but it did not do us much good, and the regions we serve then suffered severely. Now, this year it is just the opposite. There have been early frosts and failures in the North-Western region, while there has been, as they told me, and as I saw with my own eyes, in the South-West and West the most abundant corn crop the world has ever seen. In Michigan they have had bad harvests for the last four or five years, but I am glad to find they have had better results this year, because it will be a help to the Chicago and Grand Trunk, and the Detroit Grand Haven and Milwaukee lines. When I say the corn crop has been so good, I should like to give you also an idea of the figures of it. Here are the calculations, based upon a special telegraph to the *Daily Trade* bulletin by the Department of Agriculture, compared with the acreage and the yield in 1887. I won't go into all the details of the eleven States which are included in the return, but I will give you the total. In 1887, the total acreage of corn was 39,537,910, and in 1888 it is 41,691,551; and the yield is estimated, in 1888, at 1,310,000,000 bushels, against 864,000,000 of bushels in 1887—50 per cent. increase for this year over 1887.

They add, that the condition is much better than that of last year, when the average yield was 21.86 bushels, and the increase in the production of these eleven States, according to these figures, will be 446,000,000 bushels. The condition this year indicates an average yield of about 31 bushels. (Cheers.)

A SHAREHOLDER : What is the date of that, Mr. Chairman?

The PRESIDENT : The date of that is August 14, but that was entirely confirmed by all that I saw in going through the country, and all that I heard. Well, it is expected that this being the state of affairs, the carrying capacity of all the railways west of Chicago will this year be severely tested. Now, in Canada, I am sorry to say, I am not able to give so good an account of the whole of the country. West of Coburg and Toronto the crops are satisfactory, and that includes the Ontario Peninsula ; but east of this point, between Coburg and Brockville, they have suffered from early drought, and in the neighbourhood of Montreal and the eastern districts from heavy rains and early frost.

Now, I come to say a few words about our revenue expenditure. As regards the expenses which have been charged to revenue, you will observe that they have been reduced by £43,000—namely, to £1,224,000 from £1,267,000 in the June half-year of 1887—and I may mention that this reduction has been made in the face of higher prices for fuel and for wages, which have to

some extent neutralised the efforts which our officers, including Mr. Wainwright, our able assistant general manager, and Mr. Stephenson, our indefatigable general superintendent, have made to keep the expenses at a lower figure; and this, together with the low rates obtained, has caused the percentage of working expenses, as you will observe, to rise from 69.34 per cent. to 72.02 per cent. The reduction of way and works expenditure has, you will observe, been £11,000; and as one-third of such expenses, under your sanction, has been charged to the first half-year, so you will understand that the reduction on that account in the current half-year will be still greater. You will observe that there is some reduction, which we have mentioned in the report, under every other head of the expenditure; and you will find the usual details in the abstracts and in the reports of the engineers and of the heads of the various mechanical departments. I have mentioned to you that the decrease in the train mileage, in consequence of our having carried a smaller amount of traffic, is 191,564 train miles—namely, from 8,021,362 in 1887, to 7,829,798 in 1888—but the decreased expenditure is barely in proportion to this decrease, partly on account of the extra work performed upon engines, and partly on account of the extra cost of wages and fuel to which I have already referred. The cost of working, maintaining, and repairing the engines was rather less per mile in 1887 than it was in 1888—that is to say, it was 21.18 cents in 1887, against

21.72 cents in 1888—and the cost of maintaining the car stock per train mile 8.49 cents, as against 8.48 cents.

We have been doing a good deal in the way of consolidating our locomotive department, and some changes have been made which I hope will lead to considerable improvement. I have previously reported to you that we received considerable subsidies from the town of Stratford in respect of our agreeing to place our locomotive and car establishments in that town. You will remember that they were to subscribe £12,000 to locomotive shops, which we were to build there, and £12,000 to car shops; besides which they were to give us 38,000 square feet of valuable ground, and they were to close a street for us, which would be objected to in some towns very much, but which they were quite willing to do. The car shops have not yet been commenced, but the locomotive shops have been now built, and are in use, as I saw on my visit to the town. They are really fine buildings, admirably adapted for the climate and for their purpose. They cost altogether £22,000, of which the Grand Trunk expended £10,000, and the machinery from Hamilton, which was the old Great Western locomotive station, has been removed to them. Mr. Wallis, who has been our locomotive superintendent so long on the Grand Trunk, will in future take charge of the whole of the Grand Trunk system east of the St. Clair River; and Mr. Domville, who was the locomotive superintendent at Hamilton, from whence we have removed the machinery of the loco-

motive works, will in future undertake a very important business for which he is particularly well qualified, and in which he has met with a great deal of success already—in making castings, and particularly car wheels, for the whole system. I had a talk with him on the subject, and he is very sanguine of being able, not only to supply us with more reliable wheels for all our freight cars, but also to save us no less than £6,000 a year in doing it. Mr. Wallis, as I tell you, will now be the locomotive superintendent for the whole railway east of the St. Clair River, whilst Mr. Roberts—also an excellent officer—has charge of our locomotive establishments west of the St. Clair River, for our American lines. I hope that we shall have a good deal of economy from this concentration, as well as increased efficiency. Mr. Wallis has his principal shops, as you know, at Point St. Charles, near Montreal, and these shops at Stratford are for the western portion of the line, and we shall endeavour to concentrate our work as far as possible at those two places, having only such repairing stations as are necessary at different points. Mr. Wallis has done so well in the past that I think it is right to say a few more words about this matter: I have not for some time told you what has been done in our locomotive department, and, therefore, I should like to say a few words showing what improvements have been made in it. You will remember that our change of gauge was made in 1874—thirteen years ago—and I will refer to, and summarise, what has been done since that date. I may mention, to begin with, that since that

date—since October, 1874—there has been no appropriation whatever from capital for new locomotive engines for the Grand Trunk division. There have been built in the Montreal shops since January, 1880, 137 new locomotive engines, solely out of revenue, to take the places of others that have been sold and worn out; and these new engines are of a far better type and of greater power than those they have replaced; having improved boilers, and working up to a maximum pressure of 160 lbs. The increase in the gross weight of our trains is 25 per cent., and the increase in the net freight we carry is 38 per cent.; whilst the decrease of gross cost per ton-mile is 39 per cent., and the decrease in net cost per ton per mile is no less than 46 per cent., and the cost per passenger car per mile has been decreased by 17 per cent. Now, this is exceedingly important, because it is only by this great measure of economy which Mr. Wallis, under Mr. Hickson (who has been constantly enforcing it)—it is only by means of these economies which have been effected that we have been able, in carrying our traffic, to meet the very low rates which we have been able to obtain, and to do as well as we have done. And these results have been brought about, I may say, partly by the increased power of the engines and capacity of the cars, partly by the system of circular running which we have been able to adopt since we obtained possession of the Great Western system, and the fusion of the two companies together, and partly by the reduced price of fuel, which is not so high as it used to be, although it is rather higher than last

year. It is also interesting to compare the prices of materials, and fuel, and wages with those obtaining in England. I find that the wages of mechanics in Canada are 33 per cent. higher, and the cost of the materials are from 24 to 72 per cent. higher. Looking at the matter as a whole, I find—allowing for these differences of conditions—that the results which we have obtained compare very favourably with English practice. I may mention, also, that out of revenue since the year 1874—during the last thirteen years, that is to say—there have been provided for the Grand Trunk 18 iron turn-tables 73 new water tanks, 33 frost-proof water tanks, on different parts of the system, all of superior construction; so that the Grand Trunk division is now admirably provided for in all its sections in these respects, very different from what it was when I became president here twelve years ago. I could give you similar accounts of improvements in Way and Works, but I will defer that to another opportunity.

I am happy, gentlemen, to be able to bring you a very good report of the condition of the Chicago and Grand Trunk Railway—thanks to the exertions of its president, Mr. Hickson, and its general manager, Mr. W. J. Spicer—and of our position generally in Chicago, as well as of our connections there with other roads; and last, but not least, with the Atchison Topeka and Santa Fé Railway; and I may mention to you that of the many thousands of miles which I travelled over the United States roads, that what I came back to the Chicago and Grand Trunk

I had found nowhere more smooth and comfortable travelling than over the Chicago and Grand Trunk, which is practically on a par with the remainder of the Grand Trunk system. Well, the Chicago and Grand Trunk is improving, and developing as regards its traffic. There are a good many manufactories on different parts of the line, and we are connected with them by sidings, and they are constantly on the increase. The Chicago and Grand Trunk has large and well-supplied shops and sheds and all that can be required—at Fort Gratiot, on the west of the St. Clair River, and also auxiliary buildings at Battle Creek, and at Elsdon, near Chicago. You will remember that a part of the arrangement with the Santa Fé Company was that we should give up to them the old engine shops at Corwith, which were not of much use to us, and with part of the money build improved shops at a place called Elsdon. These shops, with sheds and stores, have been well built, and good accommodation has also been provided for those engine crews which are away from home. In that climate it is very necessary to provide proper accommodation for enginemen and firemen when they are away from home, and I have always taken an interest in seeing that it is provided at all necessary points. It is a great boon to the men, makes them contented, and attaches them to the railway, and they thoroughly appreciate it. The moderate cost incurred is very small in proportion to the advantages obtained. They have clean bunks, and they have reading rooms, and baths to cleanse themselves in; and these are now provided at all the locomotive stations, I might

say—not only at Elsdon, but all over the system, (Hear, hear.) The Chicago and Grand Trunk is thoroughly well equipped. But I may also refer to what I mentioned to you at the last meeting as having brought a warm encomium from the Chicago Board of Trade—namely, the transfer-elevator, which is the first that has been erected at Chicago. The western lines will not run their cars any further than Chicago, and it is necessary that the grain should be transferred—that the wheat, and corn, and oats, and so on, should be transferred—from one car to another at Chicago or in its neighbourhood. Well, for these means we have erected a transfer-elevator, and one set of cars is brought up on one side and one set on the other, and an officer of the Board of Trade attends and certifies to the quantity that is so transferred. It is done in a few minutes, and with no difficulty, and with some advantage to the grain, because the dust is knocked out of it. This elevator helps us in our traffic, and is a great credit to the company, and I believe it will be copied by most other companies. But our traffic in this direction towards the south of Chicago is not confined to the living, for there are two cemeteries on the south of Elsdon, to which we take a good deal of traffic, and we have cars especially fitted up for carrying coffins at one end, and the mourners and friends in another part, and we are getting some little revenue on that account. The State Street property, which we sold to the Atchison Topeka and Santa Fe, has been utilised by that

company. They have lost no time about it, as the houses have been pulled down, and freight sheds have been already erected, and their yard has been completed in that direction. We were to acquire some fresh land in the neighbourhood, and we have acquired most of that land, and the Atchison Topeka and Santa Fe have carried out their contract in obtaining for us access to it by crossing the street. But the most satisfactory feature of all on the Chicago and Grand Trunk is the result of its working for the half-year. In spite of these bad harvests—in spite of the competition and low rates to which it has been subjected—in spite of higher wages, and in spite of the loss of or low rates for the dressed-beef business, it has covered the half-year's interest charges. There was a decrease of \$58,800 in traffic receipts, but also a decrease of \$45,377 in working expenses, and a decrease of \$28,398 in the interest charges. Well, this is a part of the advantage which we have derived already from our arrangements with the Atchison Topeka and Santa Fe Railway, from which we may hope for a great deal in future. The gentlemen connected with that line are, I understand, very much pleased with the assistance which we gave them for entering into Chicago, which is a very difficult matter for a new company, and a very expensive matter; and for the accommodation which we afforded them, and the officers of our company and their company are on the most friendly terms. (Cheers.) I was very glad of the opportunity of running over their line and becoming acquainted with it; and I may mention

to you, in regard to the eastern portion of it—which is that which more particularly interests us—through the States of Kansas, Missouri, and Illinois, that it runs through splendid country—some of the finest in the United States; and Kansas City, a great manufacturing centre, with its 250,000 inhabitants, is still growing rapidly. It is full of cable tramways, the cars of which travel constantly and with great velocity, and almost make you giddy at every corner of every street. (A cry of "Time.") Well, if the meeting wishes me to stop I shall be most happy to do it. (Cries of "Go on.") I will not detain the meeting one minute longer than it wishes to hear me, but if there is one gentleman who does not wish to hear me there is an obvious remedy for him—he is not obliged to stop and listen. (Cheers.) The 458 miles, as I mentioned, from Kansas City to Chicago was only opened this summer, and some improvements are still in progress on that part of the line, but the traffic over it is now running regularly and freely, and the equipment of the line is of the most modern type, and of the best possible description. The train by which I travelled had vestibule Pullman cars (the communication from car to car being through a very handsome vestibule), heated by steam, and lighted by the electric light throughout; and even all the freight cars are fitted with the Westinghouse automatic brake; so that it is, in all respects, a first-class corporation with which we have thus got into connection, and with whom we hope to exchange more and more of traffic. As a straw to show

which way the wind blows, I must bring to your notice an interesting little incident. In the *Detroit Evening Journal* of October 9, I happened to see the following paragraph:—

"A girl, only ten years old, went through Port Huron on Saturday, on the Grand Trunk Railway, having come alone from Los Angeles, Cal., and being bound for Parkhill, Ont. Pinned to her dress was a card saying, 'Lucile Anderson, an orphan, going to her grandmother, Mrs. James Williams, Parkhill, Ont. Conductor, please see that she makes proper connections.'"

I may say, gentlemen, that the English for making "proper connections," as used in the United States, means that the conductor is to see that she changes cars, or trains, &c., at the proper places when she ought to do so.

"She had money to defray expenses, and reports being carefully cared for on her long journey."

This little lady had to travel by the Santa Fe Railroad from Los Angeles to Chicago, to exchange on to the Chicago and Grand Trunk line at Chicago, and to go forward on the Grand Trunk system to Parkhill, Ontario, no less a distance than 2,622 miles, by herself. That shows you how safely a little girl may travel in America with only a card pinned on her dress to say where she is going to. (Cheers.)

I ought to say, before leaving the subject of Chicago, that I had the pleasure of seeing in that city Mr. Armour and Mr. Swift, the principal shippers of dressed beef. Our relations with Mr. Armour

are of the most cordial description. Mr. Armour is a man whose offices you would take very great pleasure to visit. He has very large offices in Chicago, and you may imagine the extent of his business when I tell you that he can telegraph from a division of his office—and stand there while he gets replies—to all parts of the world; and that he pays to the Western Union Telegraph Company alone for his messages no less than £20,000 a year. He is now utilising all his by-products in slaughtering beef. His productions are all of first-rate quality, and, if you doubt it, ask, for instance, for one of his ox tongues in tin, which you will find excellent. Mr. Swift is the gentleman whom we originally helped in building up his traffic—almost helped to make his fortune, I may say. I was sorry to find that there were still some small differences of account, which he considered to be outstanding, and I only hope that our conference may assist in leading to a renewal of the good relations which formerly existed between him and our company. One point I have been very anxious about in visiting America was as to the Detroit Grand Haven and Milwaukee Railway. Whilst the Chicago and Grand Trunk Railway has been doing better and better, the Detroit Grand Haven and Milwaukee has been doing worse and worse. I learn that this result is owing mainly to two causes—first, to the deficiency of the harvests in Michigan for the last few years; and secondly, to the competition of other lines. The local traffic on that line used to be very good. In 1884 and

1885 the results were exceedingly satisfactory, but since then we have had these bad harvests and this competition, and the traffic has been rapidly falling off. It was to avert any further evil in regard to that competition that we took over the Muskegon line last August, in regard to which our officers are very sanguine, and I put this question pointedly to them: "Do you think, when you get better harvests in Michigan, that in spite of competition we can return to our old position, and recover our position, with regard to this Detroit Grand Haven and Milwaukee line?" And they told me it was their belief that we could do so. As regards the other controlled and subsidiary lines, I do not think I need trouble you with any details about them at present. We will wait for the end of the year, because it is not satisfactory to see what they do in only half of a year. The net profit of the traffic interchanged with them is very largely in excess of the deficiency which they show for the half-year; but at the end of the year we will have a full statement of their working, and see what they are doing for us.

You know that we are building a new station at Montreal. The old passenger station there was very insufficient and very unhealthy. It has now been entirely swept away. The yard has been raised, and a new station has been built, and it is giving satisfaction to everybody. I may say that, having regard to the nature of the times, we ventured to curtail the expense to some extent. We did not think it

was necessary to build towers to that station, or to go into any useless expenditure, but we built merely a plain station, which would be good and healthy, and sufficient for the traffic. (Hear, hear.) Now that the station has been built, I believe it meets with very general approval, not only for its usefulness but also for its appearance; and I must say, when I went to see it and to compare it with the more expensive station which the Canadian Pacific are building not far from it, I thought that our station was by far the better looking of the two, and the more convenient for working. (Hear, hear.)

Then I ought to say a word or two to you about the doubling of the line. Nothing gave me greater satisfaction than to see it proceeding rapidly, and to run over portions of the double line already opened between Toronto and Montreal, because it is, I am convinced, in the interests of the company, very much needed. The work has been somewhat delayed; the contractors have not been able to get on as fast as they otherwise would have done on account of the bad weather, and in some cases on account of the difficulty they experienced in obtaining land; but we hope to have it completed by the end of this year for the following distances: From Montreal to St. Anne's, $20\frac{1}{2}$ miles; from Brownsville to Cornwall, $40\frac{1}{2}$ miles; from Brockville to Gananoque Junction, $29\frac{3}{4}$ miles; from Belleville to Sidney, $6\frac{1}{2}$ miles; from Scarborough to Toronto, 9 miles. These figures give a total of $106\frac{3}{4}$ miles, which is a satisfactory

proportion of the distance between Montreal and Toronto, nearly a third of it; and, including the Great Western section and some other points, we have now got altogether 193 miles of double line. We hope also to be able to make some little progress this autumn in grading a further portion, and by the end of next year to have no less than one-half of the whole distance between Toronto and Montreal completed as a double line. Of course, in doubling the line we have also improved it,—improved the gradients and curves where we could. The opening of the new piece from Lachine to Dorval is a great relief, enabling the main line trains to avoid the Lachine bank, and the trains can therefore take heavier burdens over that portion of the line. The sections of double line already opened have proved most valuable in facilitating the crossing of trains, and the avoidance of delay to freight trains on this, our main line, carrying, as it always does, a very heavy traffic. We had expended on this account up to December, 1887, as we showed you in the accounts last half-year, £77,242, and in the accounts now presented to you we show an expenditure of £28,119, making a total to June, 1888, of £105,361.

* I mentioned to you at the beginning of my address that one of my first duties on reaching America was to visit Sarnia, and to discuss with Mr. Hickson and Mr. Hobson, the engineer of our Great Western division, the question of the construction of the tunnel which we are going to make under the St. Clair River; and which, as you

know, will connect our Chicago and Grand Trunk line, on the American side of the river, with the Sarnia branch of our Great Western section, on the east side of that river. To make this connection, as you will remember, will require altogether three miles of line, of which one mile only will be tunnel, and of which tunnel half-a-mile will be under the river. We commenced, as you will also remember, by making arrangements with certain contractors to sink shafts on each side, and drive an experimental heading, to test the material through which we had to make the tunnel. By means of the heading we ascertained precisely the difficulties which have to be encountered, and we were then able to prepare the exact means and appliances that we required to surmount these difficulties. We found it was necessary to have shields working from both sides of the tunnel, to meet in the middle, and we have since been preparing those shields. They are of elaborate construction, and will be worked, each of them, by eighteen hydraulic presses; and are very much larger than any which have hitherto been used. The largest that have been used previously are from 10 feet to 12 feet, whereas the shields that we shall use for our tunnel will be 20 feet or more in diameter, and our tunnel will be about four times as large in area as any tunnel previously constructed by such a process. We have now prepared the machinery—namely, the shields for excavating the tunnel, the means for lighting the works by electricity, and for ventilating and pumping, and all the apparatus ready for the work; and we have considered the

question as to how the work should be carried out. The first idea was to begin the boring of the tunnel from a shaft at each end; but, after full deliberation and discussion, we determined that by far the better plan would be to put the shields down, in the first instance, at the portals of the tunnel, as being the simplest mode, and as giving the engineers and workmen the best opportunity of getting thoroughly into practice with the shields before they came to what they considered (but which I do not think they will find) the most difficult work—viz., that under the river. That necessitated that we should at once purchase the land, and while I was in Canada the land was accordingly purchased on either side of the river for the approaches; and I am glad to say that, with the assistance of a local director at Port Huron, the land on the American side as well as that on the Canadian side was bought within our estimates; and now Mr. Hobson is ready to commence his excavations on the approaches to the depth at which the shields will be fixed, and I hope at the next meeting to report that considerable progress has been made. I may also state that up to the present time the cost in cash has only, altogether—in all these experiments and preparations and in everything that has been done to ensure success—the cost has only been £20,000. When they get to work under the surface money will be more rapidly expended, and I think the course which you have already practically approved is the most desirable; and that is, that instead of raising money for the

tunnel, we should use our own financial reserve for the purpose, so far as we may find it expedient to do so; and that we shall then, when the tunnel has been made, float bonds of the tunnel company to repay us the money which has been so expended. I think that will be the most economical mode of doing it. I will not trouble you with any resolution on the subject at this meeting, but if that meets with your approval, I hope to propose to you a formal resolution at the next meeting with a view to carrying it into effect.

And now I come to the most delicate portion of my duty. I am afraid I have detained you too long, but I know you will expect me to refer to the Canadian Pacific Railway; and I will begin by reading a letter which I have received from Mr. Miley, one of our proprietors:—

“DEAR SIR,—On the eve of the half-yearly meeting of the Grand Trunk Company I wish to make a few remarks about the treatment we are now receiving at the hands of the Dominion Government. When the Great Western and Grand Trunk Companies were promoted, the Government of the time, recognising that in a thinly-peopled colony shareholders would be induced to invest more from the future than the immediate prospects of dividends, was careful to point out, that, being brought out under the *agis* of the Government, they would be protected from the opposition of rival companies. How has this promise been kept? I will pass by the building of the Canada Southern which directly opposed both the old lines, for I quite agree with your remark at the last meeting, that it is useless opening up old grievances; but the patience of our shareholders seems only to provoke further attacks on the part of the Canadian Pacific, and we are now threatened with a further opposition by the building

of a line from London to Detroit, which will give the almost unique example of four lines serving the same district, running parallel within a few miles of each other! Further, when last year the board proposed amalgamation with the Hamilton and North-Western Railway, they issued a map showing the railway system of the district involved. I must confess that to me, and doubtless to the great majority of my fellow-shareholders, this map was, to use an Americanism, an eye-opener, and few, I imagine, had any idea that the Government, in the face of their promises, had, in a sparsely-peopled district, promoted or permitted an opposition at so many points where there can scarcely be sufficient traffic to pay a single company. Some nine years ago our then president, Mr. Richard Potter, pointed out how vastly in excess, in proportion to the population, the Canadian railway system was to that of the United Kingdom; since then the mileage has, I believe, been more than doubled, while the population has only fractionally increased, and of all railway systems the Canadian has been, and remains, the most unremunerative and disastrous. The reason is not far to seek, and, though on previous occasions you have deprecated allusions on the part of shareholders—and doubtless for valid reasons—to our treatment at the hands of the Dominion Government, I think it is now imperative that a strong protest should be made against what I cannot but think is a grievous injustice and want of faith.

"You are, of course, at liberty to make any use of this letter at the forthcoming meeting you may think fit.—Yours faithfully,

"J. MILEY."

Well, gentlemen, there is a good deal in this letter, and no doubt we have felt more than we have said on the subject, and more than many of us have thought it politic to say; but I am not sure that we have been right, and that we ought not to have spoken out a little more than we have done; and you may readily understand that the subject of the Canadian Pacific and its relation to the Grand Trunk formed the subject

of a great deal of anxious discussion between myself and Mr. Hickson and the Grand Trunk officials on my recent visit to Canada. I have never underrated the importance of this question, though I have not feared that the competition of the Canadian Pacific would be such a serious matter as some gentlemen—especially those who are sometimes interested in lowering the price of our securities—pretend to believe. But I have always held the same views, and stated the same views. I have always said that the Canadian Pacific proper, extending from the Atlantic to the Pacific, and connecting various Canadian Provinces one with another, and establishing a Canadian route between the two oceans, was an object of Imperial as well as of Canadian importance, calculated to enlist our sympathies and our warmest wishes, and even to ensure our co-operation; but when that laudable object was mixed up and combined with a series of projects through other portions of the Dominion, unnecessarily, and I may say ostentatiously, competing with the Grand Trunk Company at every point, then we should have been more than mortal and less than human if we had not experienced some sense of injustice, and some prickings of indignation. (VOICE: "Shame.") I do not know what that gentleman has been calling out "shame" for. Does he refer to us or the Canadian Pacific? (THE SHAREHOLDER: The Canadian Pacific.) Quite right, sir, and more especially so when Parliamentary assistance and Government interference were thrown openly and heavily into the scale against us, and when good faith and friendly

relations were not always adhered to in quarters where such influences might have been most expected to prevail. Now, these extensions of the Canadian Pacific Railway are still being pushed forward mostly with the aid of subsidies from the Government. A line has been completed to Guelph, and is to be extended to Goderich. That is one project they have in view. Then, again, what they call the West Ontario Pacific Extension has been subsidised, and is being constructed parallel to the Grand Trunk and Canada Southern Railways for 110 miles, from London to Detroit; and I am sorry to say that we have not found it possible to make an arrangement with the Canadian Pacific on what we consider reasonable terms to use our existing line, of which 80 miles is double, in place of making a new line between those points. Mr. Hickson was most anxious to make such an arrangement, even though it would give them a means of at once competing on very favourable terms against us. We received various telegrams and letters from Mr. Van Horne on the subject. We replied to them, and tried to negotiate on what we thought a reasonable basis; and we also said, If we give you this opportunity on the very low terms proposed, of using our line, and of being practically joint owners of our line between London and Detroit, ought you not to give us similar facilities from Nipissing to Sault Ste. Marie, and make fair arrangements for exchanging traffic at Nipissing for Toronto and Ontario points? We had a right to expect that they would reciprocate, and give us such facili-

ties. But no ; that was a very different matter, and we could obtain no favourable reply on that point ; indeed, they are still sending traffic for Ontario more than 200 miles round by Smith's Falls, rather than allow it to flow over our line from Nipissing direct to Toronto and other points. Much correspondence has passed, but Mr. Van Horne has not answered the very courteous letter which Mr. Hickson wrote to him on September 27 on these subjects. It would really appear that the Canadian Pacific are determined, if the British public will, subscribe the money, to make their own line between London and Detroit ; and they are to have a meeting on the 19th of November, with a view to a guarantee of the capital for that line by a lease of it to the Canadian Pacific ; and in the correspondence with Mr. Van Horne he asserts that he can raise the necessary money at 4 3-10ths per cent. In the course of the above correspondence, Mr. Van Horne referred to another line the Canadian Pacific Company have obtained powers for, and intend to construct, from Sudbury Junction to Claremont, Ontario, which would be, say, 300 miles long, and would cost, say, £1,500,000. It remains with you, gentlemen, and others on this market to decide whether they can do so. So long as they can get money from London they will go on building, but is it worth while for us in London to subscribe for competitive projects of this description ? That is a question for you to answer. The Canadian Pacific have—besides constructing and projecting such lines—been contemplating an extension from

Woodstock to Hamilton. They are also completing extensions into Montreal and Toronto at very considerable cost, and are pushing out in numerous other directions, which I need not here refer to. This being so, I feel that the time has come when I cannot, in addressing you, ignore these questions of so much importance to the Grand Trunk Company; and I cannot avoid, therefore, alluding to the subject, and discussing it in public, at the same time keeping, I hope, within the bounds of prudence and good policy in doing so. I earnestly desire that all such questions between the two companies should be discussed without any personal feeling, and simply from a business point of view; but from that point of view we are bound, in order to determine in many respects our own action and our own policy, to consider seriously what are the probabilities in regard to the future of our aggressive competitor. You know that up to the present time the Canadian Pacific Company have been very successful in obtaining, as they required them, large measures of assistance from the Canadian Government; and they have also obtained, whenever they have asked for it, large sums of money from the British public. I have always understood investors to say, "We do not know much about the Canadian Pacific, but they are sure to get further assistance from the Canadian Government, which is bound to carry them through." There has been a feeling, in fact, that, whatever their difficulties might be, the Canadian Government was

bound to assist them, as the Government agents have by issuing their loans. Having regard, then, to these extensions which the Canadian Pacific are now making, in competition with the Grand Trunk Company, and to the future course, and the future action, and the future commitments of the Grand Trunk Company, it is of the first importance for us, I think, to seek a reply to a few very pertinent, though perhaps not very agreeable questions, which we would otherwise not care to discuss in public. Now, the first question which we have to consider is—Is it possible that the Canadian Pacific Railway will be able to obtain any further large measure of assistance from the Canadian Government? We cannot conceive that the Canadian Government would themselves answer that question in the affirmative. Then, in the absence of this probability, how far will they be able to raise all the money which they may require for these numerous extensions and projects in the British Money Market—from the British public—from you, in fact, gentlemen? I will leave *you* to answer that question. Then, the third question I have to ask is this: As time goes on and renewals are required, and as the accounts of the Canadian Pacific Company come down to an ordinary basis, will their net profits suffice to pay their fixed charges, amounting as they did to £730,000 a year, and as they now do—since they obtained their last \$15,000,000 guarantee from the Canadian Government—to £837,066 a year—upwards of £400,000 every half-year? If their resources and net profits are suffi-

cient, we shall have a very formidable rival to contend with ; but we shall not be found, depend upon it, unequal to the task. If not, if their resources, if their net profits, are not sufficient in any half-year to meet all these fixed charges, then, gentlemen, what will happen next ?—because some very important questions must in that case arise, as to whether, *inter alia*, the Canadian Government will not, in any case, have to take over and keep open that portion of the line which connects Montreal and the Pacific ; and what is then to become of the other parts of the extensive system which they have been constructing, and are constructing, mostly in competition with the Grand Trunk Railway, throughout Canada, and even beyond its borders. These, gentlemen, may be inconvenient questions, but they are vital in importance to us, having charge of the enormous interests of the Grand Trunk Company. I think we should be absolutely neglecting our duty if we did not seriously consider them, and if we did not also at this juncture direct your attention to them. Sir George Stephen has, as you are aware, retired from the presidency of the Canadian Pacific Company, and has stated his reasons for doing so ; and we are bound to consider whether any crisis is likely to occur in the affairs of that company, and, as far as we can ascertain the facts, further to compute the time when, if such a crisis seems at all probable, it is possibly to be expected. These, gentlemen, are some of the reflections which I have brought with me from Canada, and I feel it my duty to lay them before you. I do not deem it wise to say more at

present, but I may have to return to, and to deal further with, this subject at future meetings.

Meanwhile, you will have observed that the Northern Pacific has taken over, and has commenced to work, the Red River line of the Manitoba Government, and that, therefore, some of the grain and produce of Manitoba may find its way to Duluth, and so by propellers to our lake ports, if some of it does not come to us by rail in the meantime. In fact, the Canadian Pacific Company, now that they have spread their net-work of lines over so extensive a territory, will, necessarily, be exposed to the disadvantages of competition, which they have so eagerly applied to us; and they may not, perhaps, accept so patiently and with so little complaint, and will feel even more keenly and substantially, evils such as they have nowhere hesitated to inflict. You have read something of the recent proceedings in Manitoba, and that they have come in conflict, if not to actual blows, with the local Government over the extension of the Red River line. It is not the line from Winnipeg to the boundary that they are now fighting about, but it is apparently an extension to Portage la Prairie, intended to connect the Northern Pacific with the North-Western of Manitoba, which joins the Canadian Pacific at Portage.

It is so late that I am afraid I cannot go further into detail. I feel great compunction in addressing you at such length, but I was going on to say some-

thing about the history of the dressed-beef and other rates since I last addressed you. (Cries of "Go on.") It is very kind of you, gentlemen, after an hour and a half, to be so patient. You will remember, I explained to you in June the conditions up to that time of the dressed-beef traffic. That dressed-beef traffic was suddenly abstracted from us in October, 1887. We might have acted independently, and we should have been fully justified, I think, in taking our own course, and asserting our rights, and perhaps we were wrong in not doing so; but we thought it better at that time to place ourselves entirely in the hands of the other companies and of the Trunk Line Commissioners. They admitted that we were entitled to certain proportions of the dressed-beef traffic, and they allowed us to charge differential rates in order to obtain this proportion; but, unfortunately, our efforts in this direction were neutralised by the action of other companies. When we adopted a differential rate of 10 cents, they neutralised it by free icing, free deliveries, underbilling, rebates, &c., so that although they pretended to give us the means of obtaining our proportion, they did not allow us to obtain it. But when we met at the special meeting in June, I had the pleasure of reporting to you that the dressed-beef traffic, of which we formerly carried the bulk, had partially returned to our main line, and we were thus obtaining it by means of differential rates accorded to the Chicago and Grand Trunk for New England. However, the Pennsylvania Company after that became restless, and claimed that they were suffering loss, and the committee took some

action ; but the Pennsylvania Company, still dissatisfied reduced the dressed beef rate from 65 cents to 46½ cents to New York and Boston, and the cattle rate from 25 cents to 16½ cents, and the hog rates from 30 cents to 25 cents. The Chicago and Atlantic (Erie), insisting also on differential rates, reduced the dressed beef to 40 cents. This was followed by the Vanderbilt lines, and when it came to further reducing the rates our officers adopted a course, which they afterwards adhered to, and that was that they never would reduce the rates upon the mere report coming to them from freighters that other companies had done so. They waited for forty-eight hours until they saw the official tariffs, and then they only followed the reduction of other companies. Precisely the same downward course was again adopted, led by the Pennsylvania, and followed by the Erie, and then other lines. Still our officers would only follow after forty-eight hours. The warfare was thus continued, and at last our officers would not reduce any further, and kept up the rates while the others were going far below the rates we were obtaining. Then, unfortunately, this rate-cutting was extended to other items. The cattle rate to New York fell to 9½ cents from 25 cents ; live hogs to 20 cents from 30 cents ; provisions to 20 cents from 30 cents to New York, and to 25 cents from 35 cents to Boston, and so on ; and in July they went lower and lower. There seemed to be no end to it, and it became nothing less than ludicrous. On July 16, 1888, the dressed beef rates came down to 6½ cents, whilst we advanced our rates to 30 cents. Whereas the rates bought

to have been 65 cents, they were reduced, as I have stated, to 6½. On July 15, Mr. Reeve reports that cattle, by the Pennsylvania lines were carried at 5½ cents, and by the Vanderbilt lines 5½ to New York and 10½ cents to Boston, and that the dressed-beef (which ought to have commanded 65 cents) was carried at 7 cents, and so on. Now, here is a little extract from the *Chicago Tribune* of July 15, 1888, from which I should like to read you a few words which will show you how we were keeping up the rates when other companies were taking absolutely absurd rates:—

“Cattle rates have touched bottom. The Vanderbilt lines ceased to make further reductions, when 5½ cents Chicago to New York was reached. The Pennsylvania went as low as 5 cents to New York, 3 cents to Philadelphia, and 2 cents to Baltimore, and then stopped.”

I should think so; they might almost as well have carried it for nothing.

“The Erie, Grand Trunk, and other roads went out of the cattle business some time ago. The war on dressed-beef rates, however, is continued with undiminishing vigour. The Erie resumed the slaughter yesterday morning by making the rate 7 cents—Chicago to New York. This was promptly met by the Pennsylvania and Vanderbilt lines. The latter also reduced the Boston rates to 17 cents. The tariff is now only 1½ cents higher than the cattle rate by the Vanderbilt, and the Erie will probably continue to reduce until it is the same. . . . The Grand Trunk continues to carry the bulk of the Boston and New England dressed-beef, although it has not reduced the rate below 26½ cents.”

Now that gives you an idea of what we have had to contend with. Even while they were cutting rates to 6 cents and 7 cents against one another, we were carrying at 30 cents. You cannot get much profit even out of that. The condition of affairs was deplorable. I

mention this to you because you have seen what our receipts have been of late. I wish you to understand it is not alone from want of traffic, but it is still more from reductions of rates that we have recently suffered. At the end of September a settlement was arrived at as to rates, by the lines north-west of Chicago; and on September 28 the Pennsylvania Company agreed to a partial restoration of provision rates up to 25 cents for 100 lbs., and a full restoration of high-class rates; but they declined to assent to a restoration of dressed beef, cattle, butter, eggs, or grain, and flour rates. The new rates were to come into force on the 10th, and were afterwards postponed to the 15th October.

I assure you, gentlemen, that our officers have been doing all they possibly could, working with other companies, to try and restore rates. While I was out there I co-operated with them, and I can tell you they did all they could. But even recently the Pennsylvania Company reduced their rates from 25 cents to 20 cents for grain at a time the traffic was coming on, and we all had more than we could possibly carry—that is to say, we could have employed a great many more cars than were available. One day Mr. Seargeant—our excellent general traffic manager—told me that if we had 2,000 more cars we could have employed them all, and that was the time they thought fit to reduce the rates. When I was at Chicago we went seriously into the question, whether we should not put up these grain rates ourselves, and leave other companies to do what they liked. The answer to that

was that it would put us in an invidious position with regard to the traders. Then we tried to get other companies to join us in increasing the rates, even if the Pennsylvania Company would not do so. The Michigan Central and the Pennsylvania were, however, mainly the means of keeping the rates down. Even at the present moment, although there is, I hope, a better prospect, and although the class rates have been all restored, the grain rate question and the dressed beef question have not yet been settled, but I hope they will be before long. It is abundantly evident, gentlemen, that there is not enough proper feeling amongst us in America to keep the rates up without some further legislation; and if there should be any further legislation on the part of the American Government, and if the Inter-State Commerce Commission should obtain some further power, I do not think it would be to our disadvantage, or to that of the American companies, because, as I have said before in this room, no legislation, no interference by any Government or any Commission between the different companies, could do anything like the harm that we do to each other.

Well, gentlemen, I am now coming to a conclusion I am happy to say. I much regret that I have not had a more satisfactory account to present to you. I hope I have clearly explained the difficulties under which we have laboured during the half-year which is under review, and I sincerely trust as regards the future that we may look for better results than we have so

far obtained in the current half-year. The enormous corn crop in the States supplying Chicago, the excellent wheat yield of Michigan, and the better results than last year in many parts of Canada, ought to tell in our favour; whilst the wheat failures unfortunately reported from Manitoba and the north-western States, however disastrous they may be to others, would not so much affect our system. As I have told you, the question of the maintenance of fair rates is the one important question, not only for us, but also, and not less, for our competitors. They are all suffering from it, and the prospect in this respect, I hope, is now better. And here is what is said by one of the impartial journals of New York, the *New York Financial Chronicle* of the 20th October:—

“There have been quite a number of favouring features, the most important of a general nature being the disposition shown nearly everywhere to advance rates to a profitable basis. The trunk lines have announced a higher schedule, some of the Western roads have made a further advance, and even the ‘Soo’ road has followed suit, both on the east-bound and west-bound tariffs.”

So, although one requires a great deal more than the patience of Job in this matter of rates, I do hope we are going to end this business, and that we shall have rates restored in a satisfactory manner; but in any case you may be assured that the best efforts of all the officers of the Grand Trunk Company will be constantly directed to the improvement of these rates and to a fair distribution of traffic, with a view to avoid in

future undue competition ; and you need not be assured that in all other respects they have your interests at heart, and will lose no opportunity in averting evil and taking advantage of any good fortune that may offer. (Applause.) I now beg to move :—

“That the Report of the Directors and the Accounts for the half-year ended June 30, 1888, now presented, be and the same are hereby approved and adopted, and that a dividend at the rate of £1 10s. per cent. per annum for the half-year be paid to the holders of Four per cent. Guaranteed Stock.”

Mr. GILLESPIE seconded the motion.

After some remarks by Mr. Wright, Mr. Hale, and Mr. Boydell,

The PRESIDENT put the resolution to the meeting, which was carried unanimously.

The PRESIDENT : The next resolution is :—

“That the directors be authorised to acquire the Five per cent. First Mortgage Bonds of the Toledo Saginaw and Muskegon Railroad Company by the exchange therefor of Perpetual Four per cent. Consolidated Debenture Stock, now held by the company, at such times, upon such terms, and subject to such conditions as the directors may approve.”

You have previously agreed to a contract—that which is referred to on page 9 of our report—in regard to the Muskegon Railway ; and our only object now is to economise to some extent by the purchase of the bonds of that railway if we can get them at a sufficiently low price to justify us in making a bargain. Even if you give us the

power we do not propose to use it unless we can obtain a substantial benefit, as we have suggested in the report, for the company. I beg to move this resolution.

Lord CLAUD HAMILTON: I beg to second that.

The resolution was agreed to unanimously.

The PRESIDENT: The third resolution is:—

"That the traffic contract, dated the 27th day of September, 1888, between the United States and Canada Railroad Company, the Montreal and Champlain Junction Railway Company, and the Company, be and the same is hereby approved."

And the fourth resolution, which I shall put at the same time, is:—

"That the traffic contract, dated the 27th day of September, 1888, between the Beauharnois Junction Railway Company and the Company be and the same is hereby approved."

These two lines with which we have made agreements, and which agreements you are now asked to approve, have been constructed under very peculiar circumstances. We have made many good bargains for you, but I do not think anything can be held to beat the bargain we have made with regard to these two railways. To begin with, the Beauharnois line, which is the subject of the fourth resolution, is 20 miles long, and is constructed through a good country as a branch of the Montreal and Champlain Junction Railway. Beauharnois is a town of some importance near the River St. Lawrence, with paper and cotton mills. The Beauharnois people were anxious for railway connection, and have been for



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some time past. There have been a good many negotiations, and a good deal of discussion on the subject, with the details of which I need not trouble you; but finally Mr. Hickson was able to obtain subsidies from the Dominion and Provincial Parliaments for the railway; and something additional for an iron bridge to carry road and rail traffic over the Chateaugay River; and these subsidies have happily covered the cost, so that in the Beauharnois line you have a railway 20 miles long, through a very prosperous country, and you have got it for nothing. (Cheers.) Then the United States and Canada Railway—a large name—is an extension, practically, of the Montreal and Champlain Junction Railway to Massena Springs. This will afford means for through communication by the Rome Watertown and Ogdensburg Railroad, even to Philadelphia and Baltimore. It is twenty-three miles long, and we have in the same way obtained so much in the way of subsidies and assistance in making it that it has only cost us £30,000 for the twenty-three miles of railway; and the whole obligation which you are asked to undertake now is only £1,500 a year. It is true that the Grand Trunk are empowered to agree to the issue of bonds in certain events, should they be required, but we do not want to exercise such a power at present. Therefore, the whole charge is only £1,500 a year. I need not say anything more to commend them to your acceptance. I move these resolutions.

Mr. R. YOUNG: I beg to second them.

After some remarks from Mr. Thomas Adams, the resolutions were put, and carried unanimously.

Mr. BREMNER: I wish to ask a question with regard to the St. Clair Tunnel—when is it likely to be finished?

The PRESIDENT: Well, sir, I think it will take a year and a-half when we get thoroughly to work on it; but, having regard to the nature of the work, it is a little hazardous to fix any particular date at which it will be finished. The actual boring of the tunnel has not been begun—the work at present has been preliminary and preparatory. That concludes the business.

Mr. HATCH: Gentlemen, I beg to propose that the best thanks of this meeting be offered to our president for his able and courteous conduct in the chair. Personally, I am sorry that so large a proportion of his speech was historical, and so small a portion prophetic, but I remember now that on previous occasions Sir Henry Tyler has told us he never liked to prophesy without he knew, and, with the question of rates still unsettled, I am afraid we are still groping through misery's darkest caverns.

Mr. BOYDELL: I will second that.

The resolution was put and carried unanimously.

The PRESIDENT: On behalf of my colleagues and

myself, I beg to return you our sincere thanks for the kind way in which Mr. Hatch has proposed this vote of thanks, and Mr. Boydell has seconded it, and in which you have received it. As regards the remarks of Mr. Hatch, we shall be only too delighted to announce as soon as we can that the rate questions are settled. (Hear, hear.)

The proceedings then terminated.

THE
GRAND TRUNK RAILWAY COMPANY OF CANADA.

At the Ordinary General Half-Yearly Meeting held this day (Tuesday) at the City Terminus Hotel, Cannon Street, London, E.C.—

Sir HENRY W. TYLER, M.P., President, in the Chair—

The Secretary having read the notice convening the meeting—

It was moved by the President, seconded by Robert Gillespie, Esq., and unanimously resolved—

“That the Report of the Directors and the Accounts for the half-year ended June 30, 1888, now presented, be and the same are hereby approved and adopted, and that a dividend at the rate of £1 10s. per cent. per annum for the half-year be paid to the holders of Four per Cent. Guaranteed Stock.”

It was also resolved—

“That the directors be authorised to acquire the Five per Cent. First Mortgage Bonds of the Toledo Saginaw and Muskegon Railroad Company by the exchange therefor of Perpetual Four per cent. Consolidated Debenture Stock, now held by the company, at such times, upon such terms, and subject to such conditions as the directors may approve.”

It was also resolved—

“That the traffic contract dated the 27th day of September, 1888, between the United States and Canada Railroad Company, the Montreal and Champlain Junction Railway Company, and the Company be and the same is hereby approved.”

It was also resolved—

“That the traffic contract dated the 27th day of September, 1888, between the Beauharnois Junction Railway Company and the Company be and the same is hereby approved.”

H. W. TYLER, President.

A cordial vote of thanks was then passed to the President and Directors.

J. B. RENTON, Secretary.

DASHWOOD HOUSE,
9, NEW BROAD STREET, E.C.,
October 30, 1888.

