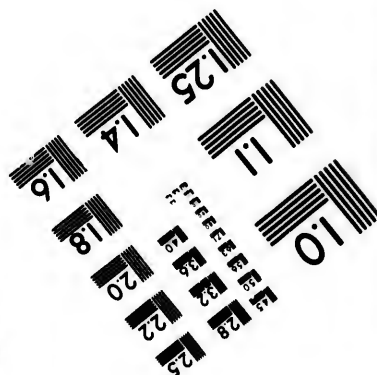
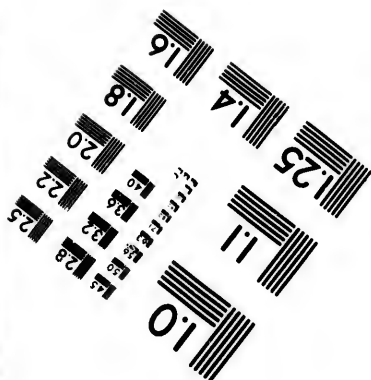
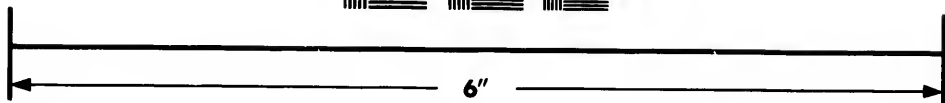
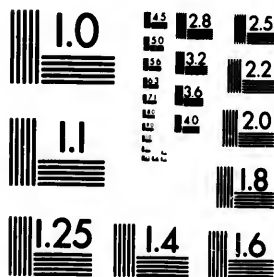


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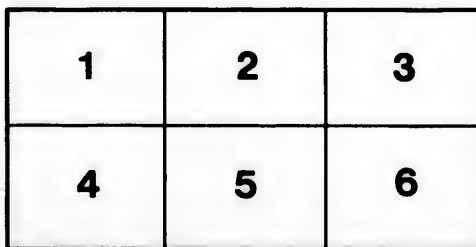
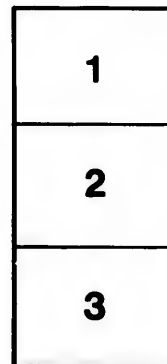
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GREAT WESTERN RAILWAY
OF CANADA.

THINGS NOT GENERALLY KNOWN IN ENGLAND:

OR

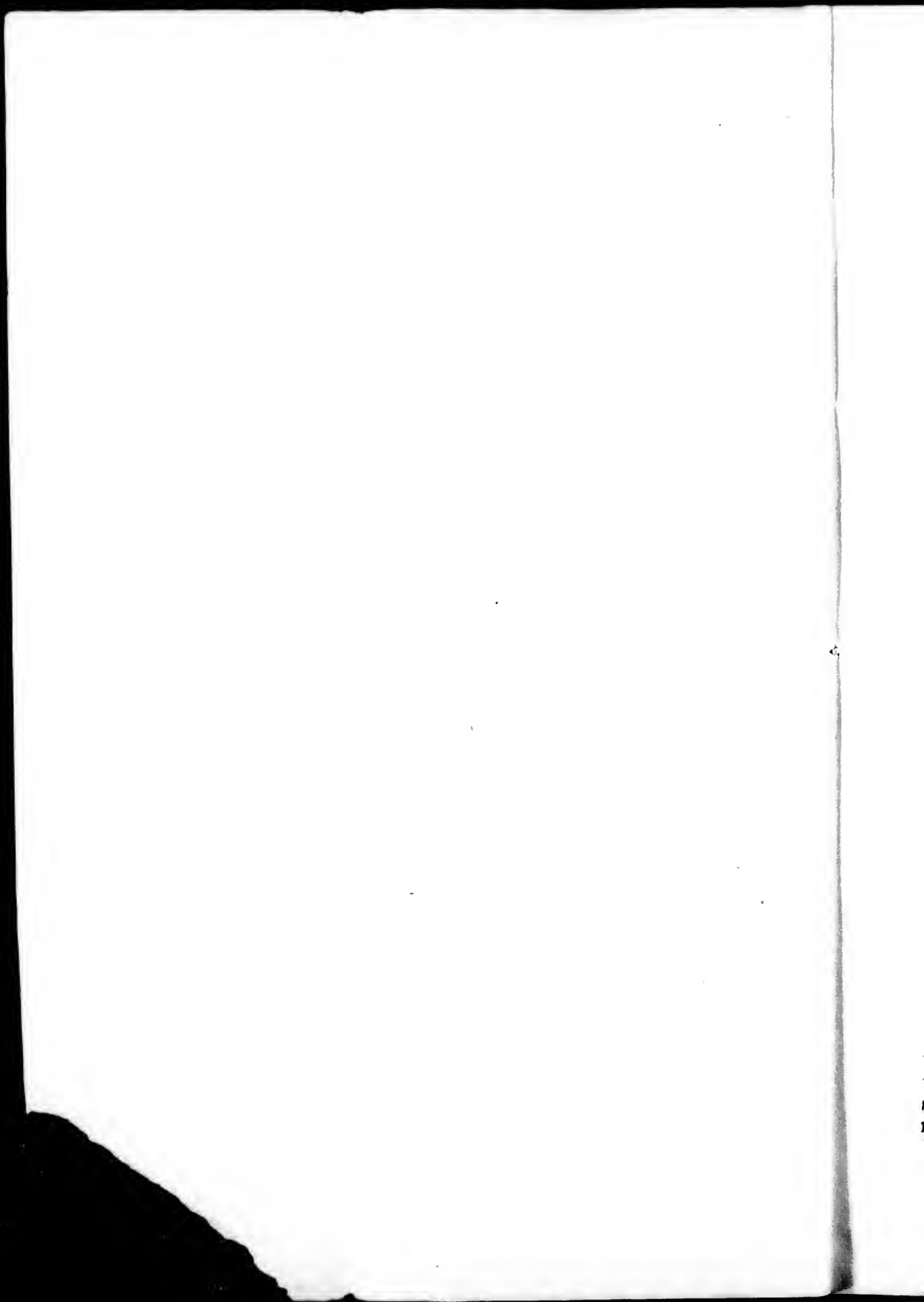
THE TRUE POLICY OF THE COMPANY EXPLAINED

BY H. BOWLSBY WILLSON,

OF HAMILTON, CANADA.

LONDON:
EFFINGHAM WILSON, ROYAL EXCHANGE.

1860.



GREAT WESTERN RAILWAY OF CANADA.

The following statement of the charges alleged to be capable of substantiation, is laid before the Shareholders with the view of enabling them to decide upon the expediency of causing an investigation to be made into the Company's affairs and the general policy of its administration. It may be premised that any investigation, in order to be satisfactory, and calculated to test the honesty and competency of those entrusted with the local or general management, must go back at least as far as the English connection with the Line.

This connection commenced in the winter of 1851-2, and led to the appointment shortly after of Mr. C. J. Brydges to represent the English interests in Canada. In accordance with a previous understanding, that gentleman upon his arrival in the Province was appointed Managing Director. Although other gentlemen have from time to time been sent out to aid Mr. Brydges, he has always been sustained by the London Directors who have held the controlling power in this country. So far, therefore, as the local administration of the Company's affairs is concerned, he must be held mainly responsible. It is true that he has had associated with him a local Board; but they have generally been his nominees, and in 1854 or 1855 when three, or four of his co-directors, ventured to express views of their own respecting the policy of the Company, they were summarily ejected at the next election by Mr. Brydges, and more convenient men were put in their places.

I

The first charge to be inquired into relates to the manner in which the settlement with the original contractors was effected.

1. It is alleged that large sums of money (amounting in the aggregate to over £150,000) were paid to the contractors, in the shape of bonuses in order to procure the opening of the main line a few months before the time specified in the agreements.

2. That the main line was in consequence opened for traffic in so incomplete a state, as to have caused an immense loss of life and destruction of rolling stock.

3. That the money so paid by the Managing Director was paid not only without vouchers from the chief Engineer, Mr. J. T. Clark, but in opposition to his written protest, as well as that of some of the local Directors, who afterwards received their congé.

4. That as the result of these proceedings the contractors not only received very large sums of the Company's money without giving any value for it, but were discharged from their obligations to complete the line in a fit and proper manner for traffic. Hence the Company was obliged to expend heavy additional sums to finish works for which the contractors had been paid, a circumstance which, if true, will in some degree account for the fact that the Great Western Railway of Canada has cost nearly twice as much per mile as the Grand Trunk and other lines traversing similar districts of country.

II.

It is charged that the Managing Director is responsible for the construction of the two Steamers on Lake Ontario, the Canada and America, which caused a loss to the Company of about £100,000, and that he sold them to a speculator in Detroit, and received in payment less than £40,000 of the shares of the Detroit and Milwaukie Railway, at a time when those shares possessed little, or no market value, and which are now wholly valueless; and, further, that the coal necessary to take these Steamers to New York, where they were sold for nearly £40,000 in cash, was advanced out of the Company's funds.

III.

It is charged that the Managing Director (who holds the proxies of the London Directors, which give him and the Financial Director in Canada the entire control at the local Board) has from the beginning made it his policy to induce the proprietors to construct, purchase, and lease branches and connecting lines, which the experience of this country ought to have taught him was subversive of the best interests of the Shareholders; and that this erroneous policy has been sanctioned to a large extent by the present London Directors, as in the case of the Sarnia Branch and the Detroit and Milwaukee Railway in Michigan.

1. The first evidence of this policy is to be found in the agreement sanctioned by Mr. Brydges in 1854, for the purchase of the Erie and Ontario Railway, a short line of 17 miles, crossing the Great Western near the Falls of Niagara. Fortunately the proprietors were saved the outlay of over £150,000 by the rejection of this agreement on the part of the English and Canadian Proprietors; and the soundness of their decision has since been fully verified by the circumstance that the line was wholly worthless as an investment.

2. It is charged that the construction of the Sarnia and Guelph branches, and the loans to the Detroit and Milwaukee Company are the result of this erroneous and dangerous policy, which has swelled the construction account by nearly a million of pounds, or a sum equal to about 30 per cent. of the whole paid-up share capital.

3. That these branches can only be operated at a loss to the Company, leaving the small incidental and doubtful advantage of a slight increase in the traffic upon the main line, which cannot for a moment counterbalance the direct loss and enormous addition made to the capital account.

4. It is charged that the manner in which the loans raised for the Detroit and Milwaukee Company in this country, both from the Great Western Company and from its Shareholders and the public has been highly objectionable, to use the mildest expression.*

* If the Committee of Inquiry, to the appointment of which the Directors have assented since the above was in type, or if any Shareholder, or Shareholders, will cause this question to be properly sifted in the courts of law, the writer has been advised, that certain parties now holding high positions in this country will be compelled to make restitution of very large sums of money obtained in the shape of bonuses and commissions.

IV.

The unsatisfactory manner in which the financial statements of the Company are made up and presented to the Shareholders is a matter calculated to throw suspicion upon their accuracy. This circumstance of itself is, in the judgment of many persons with whom the writer has conversed, sufficient to demand the appointment of a committee of inquiry.

With regard to these items, it has been declared by well informed persons that a large proportion of them ought to have been long ago written off as worthless, instead of being continued from half year to half year, as available assets. Some of these, such as "Debts due the Company," "General Stores, (including Coal and Stationery)" a singular combination of items, "Rails on hand on 31st July 1859," "Municipal Debentures," "Detroit and Milwaukee stock and interest," "Interest due upon loan to Detroit and Milwaukee Company," are believed to be, to a large extent, purely imaginary as regards their value.

Although it is represented in the Directors' Report for the half year ending the 31st July last, that the Company had then on hand rails of the value of £82,000, it is now asserted by well informed parties that there is not a sufficient supply in the possession of the Company in Canada to keep the line in repair for six months. But it is not at present necessary to enter further into these details. They are only referred to in order to point out the necessity for investigation. It will be interesting to learn by what ingenious process the Directors will explain this matter in their forthcoming Report.†

† Since the text was in type the Directors' Report for the last half year has been received. In this, the item of rails on hand 31st January last is set down at £67,719. This amount shows a reduction in the stock of no less than £34,521. The Engineers' Statement, at page 24 of the Directors' Report, accounts for only 28,199 dols, equal to about £5,700, leaving a balance of nearly £29,000 to be accounted for, according to the Directors' own shewing. Have the Directors been speculating in rails, or have they been so put about for money that they have been compelled to sell £29,000 worth of rails, in order to pay a dividend? What will the Shareholders say, if upon a proper valuation of old and new rails "on hand" it is found that this item of £67,719 must be cut down to something like twenty-five or thirty thousand? This rail question must be carefully looked into. The proprietors will do well to look over the report of the Chief Engineer, Mr. Reid, upon whose representations every reliance may be placed.

V.

It is charged that, notwithstanding the unfortunate result of the steam-boat speculation upon Lake Ontario, into which the Company was drawn by the Managing Director, in his capacity as chief agent of the English proprietors, this gentleman, jointly with Mr. Reynolds, the other English Director in Canada, and the Company's chief agent in the United States, a Mr. Julius Movijs, have entered into a large private speculation in the same description of property on Lake Michigan. This fact is said to be admitted by the London Directors. It appears that these parties are the chief, if not the sole owners of the steamers Detroit and Milwaukee. These steamers were built, as the Shareholders, perhaps, already know, to form what their owners (it must be presumed jocularly) call the ferry across Lake Michigan, where it is as wide as the Channel between Southampton and Havre.

Without stopping to discuss the gross impropriety of the Company's servants embarking in large private speculations of any kind, which might lead to the neglect of their employers' interests, it becomes proper, in this instance, to point out the direct injurious consequences which have resulted to the Shareholders in the Great Western of Canada Company.

In order to make this important question the more clear, it is requisite to state that the Great Western Railway derives by far the largest proportion of its through traffic from its great allies, the New York and Michigan Central Railway Companies, which form connections with it at its extreme Eastern and Western termini. These Companies are, to some extent, composed of the same set of proprietors, which makes their interests nearly identical. Upon the organization of the Great Western of Canada, these powerful corporations, being anxious to secure its early construction, in order to make it the connecting link between them, subscribed and paid up 800,000 dols. of the Canadian Company's stock. Hence it may be inferred that the interests of the three Companies, as regards through traffic, were perfectly identical; indeed, it is only necessary to refer to a map, to see at a glance that such is the case. In connection they form the line, unbroken by lake navigation, having the best gradients for cheapness and speed in operation between the great American metropolis, New York, and the seeming West. It has, therefore, always been obvious that

these lines should be operated in the most perfect harmony and good faith. That such has not been the case, the writer has in his possession such evidence as can neither be denied nor refuted, and which he is prepared to lay before a Committee appointed by the Shareholders.

The cause of this want of harmony will be found in the unfortunate policy of the Directors, which has led to the taking up and working of the Detroit and Milwaukee, as part and parcel of the Great Western Line. The more thoroughly to identify the two Companies, the Directors, or a portion of them, both in England and Canada, have accepted seats at the Detroit Board, and the Great Western Managing Director has become its President. In furtherance of this plan, the two English Directors in Canada, as already stated, have become personally interested, (it is to be assumed with the approbation of their co-directors,) in the steamers forming the connection across Lake Michigan between Grand Haven and Milwaukee.

It will thus be seen that whilst it was the true policy of the Great Western Company to do nothing to damage the interests of their great American allies, (the New York and Michigan Central Companies,) it has become the direct interest of the Canadian Managers to divert from the Michigan Central Line and over the Detroit and Milwaukee, all the traffic in their power, in order to give employment to their steamers.

This statement requires no elaboration to carry conviction to the mind of every one interested, and whose interests have not become complicated by investments in the Detroit and Milwaukee Company, that a change of policy is urgently required. The effect of the present state of things will be, speedily to alienate the best allies of the Great Western, and drive them into affording material aid to a competing line through Canada, for which a charter has already been granted under the name and designation of the Niagara and Detroit Rivers Company. That there is great danger of this, there cannot be a doubt on the minds of those who are fully acquainted with the critical position of matters in America.

It is almost too obvious to require remark, that, should the connecting link between the two great American lines already mentioned, be supplied by one of their own gauge thirty miles shorter, and having easier gradients than the Great Western, the latter will be cut off from nearly, if not all its through

traffic, and will have to rely wholly upon its way business, and what it can draw from the Detroit and Milwaukee line. In this case, Great Western shares will be irretrievably worthless. Even now, it is intimated that the New York and Michigan Central Companies are fitting out their fleet of fast and splendid steamers on Lake Erie, which have been lying idle for some years, in order to place them on the route between Buffalo and Detroit. These vessels, the finest and largest on the Great Lakes, are to form a nightly line each way, and formerly constituted a favorite means of night travelling during the summer months. Should this intimation be carried into effect, although it may not prove to be of any advantage to the American Companies, the Great Western will certainly lose during the coming season a very considerable proportion of their through passengers and freight traffic, which constitute the best paying portion of its business.

There are many other highly important considerations, which will merit the attention of an investigating committee, to which it is unnecessary particularly to advert in this communication. One of these, however, may be mentioned. By the resolution of the proprietors authorizing the Directors to grant loans to the Detroit and Milwaukee Company, it is expressly stipulated that such loans shall only be granted upon "sufficient security." It will therefore be a question for the shareholders to consider and ascertain whether the Directors have complied with these requirements and conditions.

The writer has now summed up the principal matters relating to the administration of the Company's funds, and what he conceives to be the erroneous policy of the Directors. But there are many others of minor importance which would no doubt occupy the attention of an investigating Committee. Those, however, which he has enumerated, are susceptible of proof before a Committee possessing powers to examine the Company's books and servants, or before any tribunal—such as a Parliamentary Committee in Canada, authorized to send for persons and papers. In preparing the foregoing statement, the writer has endeavoured not to mix up his personal affairs with those having greater interest for the proprietors. He cannot however, conclude without making some allusion to the virulent personal attacks which have been made upon him through the well known organs of the Company in this Country as well as in Canada. These slanderous attacks are made in consequence of the issue of a pamphlet two or three

days before the last half-yearly meeting of Shareholders, at the London Tavern, entitled "A few Facts Relative to the Present Position, and Management of the Great Western Railway of Canada." Having regard for my good name and being wholly unconscious of having ever knowingly injured or attempted to wrong any one to the extent of one penny, I felt it incumbent on me to reply to these false accusations. Some of these replies have appeared in the columns of Herapath's Journal, and the Morning Chronicle, and in the local Journals of the Province. Such gentlemen as may not have had the opportunity of reading these answers, and who will take the trouble to do the writer justice, are requested to turn to appendix No. 2 hereto, where a few extracts are given, touching the only specific charges made against him by the Great Western officials. If personal matters have become unnecessarily mixed up in these discussions, no one can for a moment lay the blame to the charge of the writer, whose efforts to establish a sound policy, and judicious system of Management for this large property, he trusts will ultimately be appreciated by the proprietors.

LONDON, 24th March, 1860.

APPENDIX No. I.

THE VALUE OF THE DETROIT AND MILWAUKIE RAILWAY.

"The favorable comparison in the milage receipts thus exhibited by this railway, is owing to the traffic derived from its connection with the Detroit and Milwaukee Line, which has added an average of about 3,000 dols. a week to this Company's receipts, without entailing any increased milage trains, or other expenses." Directors' report for half-year ending 31st July, 1859.*

Nothing can be more calculated to mislead those not conversant with the subject than such statements as the above. Had the Detroit and Milwaukee Railway never been projected

* The report for the last half-year received since the above was in type, sets down the gross amount of traffic received by the Great Western from the Detroit and Milwaukee Line, for the *whole* year. at 90,000 dols., which is only 1,720 dols. a week.

a very considerable portion of the business now credited to its account by the Great Western Directors would of necessity have found its way to the Canadian line. Unless it is maintained that *no part* of the traffic now flowing to the Detroit and Milwaukee Line existed prior to its being built, it certainly cannot be claimed that this railway has *created* so much additional traffic for the Great Western. The truth is simply this:—A very considerable portion of the country traversed by the Detroit and Milwaukee Line, nearest to Detroit, has always found that city its best market. Hence the Great Western Railway must of necessity have received its legitimate share of foreign traffic arising therefrom, whether the railway existed or not. It must also be borne in mind, that there was a considerable part of the Detroit and Milwaukee Line next to Detroit open and in operation prior to the advance made by the Great Western Company. This added facilities for the local traffic, a portion of which must have fallen upon the latter Company's Line, without any outlay whatever,

With regard to the western country opened up by the Detroit and Milwaukee Line, the business from hence found its way to a large extent to the Great Western *via* Lake Michigan and Chicago, and thence over the Michigan Central Railway. That the opening of the Detroit and Milwaukee Line has greatly increased the traffic of the Great Western and benefited the Central parts of Michigan, is not to be denied. But it will be seen by these remarks how wrong it is, in the Directors to set down *all* the traffic they receive from their pet line to its account. To credit one-half of it to such account would be nearer the mark.

But, on the other hand, must be debited the loss which the policy, with regard to these Michigan lines, has caused, by making enemies of old friends. Although nominally at peace with the Michigan and New York Central Companies, which give the Great Western about one-half of its *entire* business, there has, in reality, been a deadly war waging for a year and more between the two American Companies on the one hand, and the Canadian on the other. This state of things cannot be otherwise than disastrous to all parties. It was evidently the cause of Mr. Brydges entering into an agreement, more than a year ago, to lease the Buffalo and Lake Huron Railway, so as to form a connection at Buffalo (where there is no bridge, and everything must undergo two handlings instead of one) with the bankrupt New York and

Erie. Had this preposterous arrangement been sanctioned by the London Directors, Messrs. Brydges and Reynolds would by this time have had the Great Western of Canada leaning upon two broken crutches for support—the New York and Erie at one end, and the Detroit and Milwaukee at the other, whilst its two old and powerful allies would have had a rival line far forward in the course of construction. With such facts staring the proprietors in the face, they must see that their property is in unsafe hands.

As it is, and admitting that the Detroit and Milwaukee Line has added one-half the weekly receipts stated by the Directors to the Great Western traffic, there are well-informed persons connected with the two Central Companies, who assert that more than TEN THOUSAND dollars (over £2,000) a week of through traffic is diverted to the lines on the South shore of Lake Erie, and the Grand Trunk and Buffalo, and Lake Huron. This will explain why the receipts of all these Companies have so rapidly increased, whilst those of the Great Western have decreased, or remained stationary. By way of retaliation, Messrs. Brydges and Reynolds are influencing traffic by the circuitous route of the Michigan Southern Line, whose interests and connections lie south of Lake Erie, by which means a portion of all business so diverted must be lost to the Great Western itself. This will explain the following extract from the circular of Mr. E. F. Satterthwaite, the Company's London broker, under date of 29th February last. Speaking of the increase of traffic on the Michigan Southern, of 26,014 dollars, for the month of January this year over, that of last, Mr. S. says, "The business this January was increased mainly from freight, which the Detroit and Milwaukie Road were compelled to send by way of Chicago, their Lake Michigan boats not running."

The question seems to resolve itself into a nut-shell, and may be thus fairly stated:—The New York and Michigan Central Railways give the Great Western about one-half of its entire traffic, or four-fifths of its through. The Detroit and Milwaukie gives it, at the Director's own estimate of 3,000 dollars a week, about one-thirteenth * part of its whole business. Do the proprietors think it will be a good bargain to barter away the former for the latter, or will they adopt a policy, by changing their management, which will retain the

* In fact only one twenty-fifth.

business of all three lines? The two Central Companies demand no exclusive traffic arrangement with the Great Western. All they require is a guarantee that business shall not be unfairly taken from them and given to other lines and routes. How can this be expected, when the Great Western Directors have large pecuniary interests in competing routes, and the Company itself is both a bond and shareholder in them?

But then, it will be asked, what is to become of the £300,000 of principal and interest owing by the Detroit and Milwaukee? That question it is to be feared will be answered in a short time, in a way not calculated to increase English confidence in Michigan investments. The writer was informed the day before he sailed from New York (31st January last), by a person who lately held a high office in the Detroit and Milwaukee Company, that a portion of the Shareholders in the two old lines were taking measures to repudiate the entire obligations of the Detroit and Milwaukee Company, that is, all the mortgage and other bonds issued after the amalgamation of the Detroit and Pontiac and Oakland and Ottawa Companies.

It appears that subsequent to the chartering of these Companies, the State adopted a new constitution, which expressly prohibits the Legislature from granting new charters to Railway and other Joint Stock Companies. Such corporations, this constitution provides, were thenceforth to be formed under general enactments of the Legislature, something similar to the Limited Liability Act of this country. Notwithstanding this clause of the constitution, the two companies just mentioned, applied to and obtained from the Legislature an act to enable them to amalgamate, thus forming, as is alleged, a new corporation, under the name and designation of the Detroit and Milwaukee Railway Company. The writer was informed that the opinions of the ablest counsel in Michigan and New York had pronounced the Detroit and Milwaukee Company an illegal corporation, and that consequently the shareholders in the two old companies were not bound by any acts done under the usurped powers of the Legislature.

APPENDIX No. 2.

Mr. Willson's Reply to Mr. Brydges's speech at the London Tavern (5th October, 1859.)

Hamilton, *October 27th*, 1859.

SIR,—In justice to myself I feel it necessary to trouble you with the following observations, which I have to make upon the remarks of Mr. Brydges, Managing Director of the Great Western Railway of Canada, made at the last Meeting of the Shareholders of that Company in London, so far at least as they relate to myself.

Mr. Brydges charges me in his speech, reported in your columns, with being the author of an anonymous pamphlet recently issued in London, England, entitled "A few Facts relative to the present Position and Management of the Great Western Railway of Canada." I acknowledge the authorship so far as having supplied the material facts, and shall be prepared, at a fitting opportunity, to sustain such statements as I have made upon my own responsibility. There are many facts stated upon the authority of other parties, whose names are mentioned in the pamphlet, which I believe to be true, but for which I do not hold myself responsible. I shall only trouble you with a few remarks upon the facts noticed by Mr. Brydges. I may state that some of the most—I might almost say all—of the most prominent and damaging facts discussed in the pamphlet referred to have been passed over in silence. Under these circumstances, I think it best to defer, until a more suitable occasion, entering into evidence in support of points in issue between us.

Mr. Brydges sets out by stating what he conceives to have been my motives in writing the pamphlet. He alleges that it was published "because of the refusal of the Board to entertain a proposal that he (Mr. Willson) had made in reference to the Company." Now, it will be seen how much truth this imputation of motives possesses, when I state that the "proposal" referred to was merely a suggestion thrown out respecting the possibility of leasing the Great Western Railway to a Canadian and an American Company, to be organized under a Canadian charter, and that the materials of the pamphlet were despatched at least one month before I received an intimation from the London Board that they declined to entertain the suggestion—which, though made to the London

Board, was intended for the shareholders. So much for the imputation of motives—a policy so often resorted to by those who fear to grapple with facts.

The next point noticed by Mr. Brydges relates to the remarks made in the pamphlet on the enormous and rapid increase in the Capital Account of the Company under his administration. The only difference between his statement of this particular and mine is, that whilst he admits the strict accuracy of my figures, which are correctly copied from the Directors' reports, he does not think the increase enormous, "when they took into consideration the nature of other payments made by the Company," &c. The actual increase of the Capital Account in three years, it may be as well to remark, had been from 19,939,651 dols. in July, 1856, (at which time a solemn resolution was passed by the meeting of proprietors to *fix* it at that sum), to 23,400,000. This increase in three years, of 3,469,349 dols. in the Capital Account, in defiance of so good a resolution, may appear small in the eyes of Mr. Brydges, but considering that it has been mostly laid out upon branches and lines admitted not to pay running expenses, it seems to my unsophisticated judgment a very large sum.

Mr. Brydges next says that this is not the first time that I have made "personal attacks" upon him since his residence in Canada. Now, I deny that I have made any personal attack upon Mr. Brydges at any time. Nor have I been in the habit of writing numerous articles in the Canadian papers against him as afterwards alleged. On the contrary, I have abstained from that course of procedure, and should feel extremely mortified to believe that the Canadian public imputed such a practice to me. But with regard to the charge of personality, I know Mr. Brydges personally resented the opposition which I made, at a meeting of the shareholders in England in 1854, to the purchase of the Erie and Ontario Railway and Niagara Docks, although my opposition was purely based upon arguments against the value of the property and the expediency of its being acquired at a price far beyond its intrinsic worth. With his enlarged experience in Railway management in this country, Mr. Brydges, as well as every shareholder, ought to feel truly grateful to me, for having been instrumental in defeating so foolish a bargain. With Mr. Brydges's private or personal reputation I do not pretend to have anything to do; but with his policy and acts

as the chief manager of a great line of Railway in which, as a heavy rate-payer of this city, which is a large shareholder, I have just as much to do as the largest individual shareholder.

Mr. Brydges goes on to say, "The next point to which Mr. Willson alluded was at page 13, where it was said the Company owed a great deal of money to their bankers. This was a statement originating entirely in the fertile imagination of Mr. Willson." Now, as to whether Mr. Brydges's statement, or mine is correct upon this point, I beg to refer the reader to the Directors' Report for the half-year ending 31st January, 1859. In that Report, which I had before me when I compiled the facts in question, under the head of general balance sheet (account No. 4) appears the following *little* item, "Balance due to bankers, contractors, &c., 1,112,718 dols. 31 cents." Here we have the evidence upon which I exercised my "fertile imagination," and I leave it to Mr. Brydges to explain how much of this sum the company then owed to their bankers, and how much to contractors, &c. People here know pretty well that contractors are not in the habit of allowing Railway Companies, which possess the ability to pay^d to remain long in arrears.*

The next matter touched upon by Mr. Brydges is one

* Since the above was written the annual meeting of Shareholders required by the Company's charter to be held in this city has taken place, and has elicited from Mr. Reynolds, the Financial Director, a statement entirely at variance with the one made by Mr. Brydges, the Managing Director, at the meeting at London, respecting the indebtedness of the Company to its Bankers. I will quote the exact words imputed by the reporters to the respective gentlemen. Mr. Brydges said, "the next point to which Mr. Willson alluded was at page 13 (of the pamphlet), where it was said the Company owed a great deal of money to its Bankers. That was a statement originating entirely in the fertile imagination of Willson." This is a polite method of giving me the lie direct. Now for his colleague's reply to the same point, raised by Colonel Gourlay. At the meeting here on the 1st, Mr. Reynolds said, referring to the accounts of the half-year ending 31st January, 1859, "there was £150,573 sterling, due to the London Joint-Stock Bank." This sum he afterwards states had been reduced to £140,743. It also appears from Mr. Reynolds's statement that the Company had at its credit at the Commercial Bank on 31st January last, 66,880 dols., but at the end of the last half-year only £2,538. I leave these discrepancies to be explained by the gentlemen themselves. Mr. Brydges may say that Seven hundred and fifty thousand dollars is not a "great deal of money," but this, I apprehend, will scarcely be regarded as satisfactory to those Shareholders who counted upon a dividend as a means of subsistence. It is a sum sufficient to have paid the Shareholders a half-yearly dividend at the rate of 9 per cent. per annum. The public will now know how much value to attach to the most solemn asseveration of Mr. Brydges.

Yours, &c.,

H. B. W.

Hamilton, 3rd November, 1859.

upon which he lays great stress. It relates to a statement made in the pamphlet, to the effect that the connection which was being formed between the Great Western and Detroit and Milwaukee was producing a hostile feeling on the part of the Michigan Central Company. He then quotes an extract from a pamphlet which I published in London in 1854, showing that the latter Company was then friendly to the Detroit and Milwaukee, at that time known as the Oakland and Ottawa line. The statement made by me in 1854 was strictly correct. So in like manner is the one made in the late pamphlet upon my own authority. In 1854, being then agent in England for the Oakland and Ottawa Company, I received a long communication from the President and two others of the Directors of the Michigan Central Company, in which he expressed themselves favorably towards the former line. But at that time these gentlemen never dreamed of the Great Western Company's taking up the new line and making it to all intents and purposes a part and parcel of their property—and thus diverting upon it to the serious injury of the Central Company all the traffic in their power. Although this is a perfectly logical and true explanation of the assumed discrepancy between my statement six years ago and that of the pamphlet recently issued in London, the materials for which were compiled by me, Mr. Brydges has no doubt made a capital point of it with the English shareholders. He may, however, rest assured that his victory, if such he considers it, will only be temporary.

But I will not anticipate events. I shall now reiterate the opinion I expressed in 1854 respecting the value of the Detroit and Milwaukee line as a feeder to the Great Western. Strange to say, however, at that time, when I had several interviews with Mr. Brydges, and endeavoured to induce him to lend his active co-operation in raising capital to build the Detroit and Milwaukee Railway, he always contended that although "the line would be a valuable feeder" to the Great Western, he did not believe that it would be a profitable one for those who might supply the money to construct it. From this view I could never turn him, and all I obtained was what he termed "moral aid." That is, he expressed in a resolution of the Hamilton Board, which I received, an opinion that the line would be a good feeder to the Great Western. Now, I have no hesitation in asserting, that had the arrangements which I had made in England in 1854, and which led to ultimate success, been fairly and honestly carried out, the Detroit

and Milwaukee line would not only have been a "good feeder" to the Great Western, but it would have been a good investment for its share and bondholders. Under that arrangement the entire cost of the line and plant was limited to five, or five and a half millions of dollars. The line and plant as they now stand have cost somewhere about ten millions, and will cost two or three millions more before completed, to say nothing of the Port Huron branch. I have been informed that the agreement by which mine was superseded or extensively modified, and which was made with the same parties the following year, coolly added over two millions of dollars to the cost of the line. This matter must yet be probed to the bottom. Mr. Brydges has not been charged by me, with having consummated these scandalous financial arrangements, some of which he has candidly admitted to have existed prior to his official connection with the Michigan line. The charge made against him on this score is, that he sits in the same Board with the men who perpetrated them, and further, that he is endeavouring to raise capital from the Great Western Shareholders to build the line from Grand Haven to Owosso, which is wholly under their control. I leave it for Mr. Brydges to explain *his motives* for having so abruptly changed his opinions respecting the Michigan line. But I am allowing myself to deviate from the purpose of this letter, which has already grown to greater dimensions than I intended.

I shall therefore at present only notice one or two other points touched upon by Mr. Brydges, and first, the allusion made in the pamphlet on my authority, respecting the existence of "pet contractors." I shall be perfectly explicit on this subject, and reiterate the charge, that the contracts for the construction of the line from Mill Point to Grand Haven, together with the extensive docks and freight and passenger stations at Grand Haven, were let to a Mr. Samuel C. Ridley at rates vastly higher than tenders made by several men possessing equal ability to do the work. This I learned from highly respectable parties at Grand Haven. The name of one gentleman of great wealth and respectability, who offered to do the work at 30 per cent. below the price at which it was awarded to Mr. Ridley, was mentioned to me. Mr. Ridley, it is well known, was not a man of means when he resided in Hamilton just before he obtained these and other contracts on the Great Western, and could not therefore have been favored on that ground.

Mr. Brydges has set up a great many men of straw in his speech, in order to have the pleasure of knocking them down again. One of these is his assumption that he has been charged with having let contracts without putting them up for tender. No such charge has been made against him, that I am aware of. But of how much value such a course (the putting the work up for tenders) has been, will appear from the facts already stated, which admit of legal verification.

Mr. Brydges attempts to make capital out of the remark that the Great Western Company had taken a fourth or fifth mortgage upon the Detroit and Milwaukee line, in security for the £250,000 sterling loaned to that Company. He affirms that this is a mistake, and that the Detroit Company was earning enough to pay the interest upon all the bonds including those held by the Great Western. In the first place, Mr. Brydges's statement as to the rank held by the Great Western Company scarcely differs from mine. It may indeed be regarded as a "distinction without a difference." The fact is, as I have been informed by legal gentlemen in Michigan, that although there are but four actual Mortgages upon the Railway in question, there are two if not three classes of bonds not covered by mortgage, which in equity must take precedence over all the other mortgages. Thus in effect, if I have been correctly advised, the Great Western Company ranks fifth if not sixth in their security. This however, is a question for the lawyers to decide. In the next place, how does it happen if the Michigan line is earning enough to pay the interest upon all classes of mortgages and bonds, that they have failed in doing so, as admitted in the Directors' reports? At a time when the Canadian Company have been unable to pay a dividend, even the interest upon £250,000 sterling one would think worth looking after if it had been earned.

I must not omit to correct Mr. Brydges respecting the statistical statements copied into the late pamphlet, from a Canadian newspaper. I most emphatically deny that I compiled the tables in question, whilst I at the same time affirm that these statements are strictly true, having been *compiled from the Directors' own published statements*, which I have examined. It is a most shameful unblushing act, in my humble judgment, for a man holding Mr. Brydges's position, to thus throw suspicion upon facts which he has himself furnished the data for. In conclusion, I beg to say, that I have no doubt that Mr. Brydges is highly satisfied with the result of

his explanations in London, where he had no one possessing a sufficient knowledge of facts, and at the same time capable of refuting his arrogant assumptions, and special pleading style of getting over ugly things, to reply to him.

Yours truly,

H. B. WILLSON.

In order that the public may judge exactly how the matter stands and who have been most correct in their representations, I give the following statement of the condition of the Detroit and Milwaukee Company, copied from official documents. The different series of bonds are arranged according to their legal rank as securities;

	Dol.
1st. Sterling bonds, Oakland & Ottawa Co. 6 per cent.	155,000
2nd. Dollar bonds do. 7 per cent.	51,000
3rd. Detroit and Pontiac Company, 8 per cent.	500,000
4th. Detroit and Milwaukee 1st Mortgage, 7 per cent...	2,500,000
5th. Do. do. 2nd do. 8 per cent.	751,000
6th. Do. do. 3rd do 10 per cent.	1,250,000
7th. 4th Mortgage bonds, amount and particulars not in my possession.	
8th. Share Capital	2,329,154
The 3rd and 4th Mortgages which rank in law 5th and 6th form the security held by the Great Western Company.	

H.B.W.

Extract from a letter published in "Herapath's Journal," referring to Mr. Brydges's attempt to point out a discrepancy between Mr. Willson's views in 1854 and 1859, respecting the taking up of a portion of the proposed Southern or Niagara and Detroit Rivers line:—

"I cannot, for the life of me, perceive the discrepancy, out of which Mr. Brydges has endeavored to make so much capital, between my statements of 1854 and 1859. The pamphlet of 1854 was published mainly to prevent the policy of the Canadian Board, to construct a number of short cross lines as 'feeders to the main line' being carried out. This policy, absurd as it is now admitted to have been, was imputed to Mr. Brydges, and was at any rate endorsed by him in the Directors' Report of that year. Instead of building these

branches—some of which, such as the Galt-and-Sarnia have actually been built to the sorrow of the Shareholders. I advised the construction of a short parallel line from Chatham to the Falls of Niagara, which would obviate the necessity of laying a double track on the main line, and run in the right direction for traffic, namely, East and West. It would, besides, have opened up a fine track of country, much superior to that on the Sarnia branch, which is mostly a dead wilderness. My views were highly approved of by Mr. Samuel Laing, the Company's then Chairman, who read my pamphlet. Happy would it be for the Great Western Shareholders at this time had they then acted upon my suggestions, and let the non-paying branches, which the Directors have since foisted upon them, alone. You will see the subject of the Michigan line more fully dealt with in the article which has appeared over my signature in the Canadian papers. I shall therefore not trespass further upon your space, than to warn you against being led away from the real issues raised, by the false and malicious attacks made upon myself personally in one or two railway prints in London, which receive their information from Great Western sources. It is a very common method for those who cannot rebut facts, to draw off public attention by creating other and false issues. Let any one interested calmly and dispassionately read the pamphlet rightly imputed by Mr. Brydges to me, and it will be seen how little has been left to be taken upon the mere assertions of the writer.

“ I am, Sir,

“ Your obedient Servant,

“ H. B. WILLSON.”

