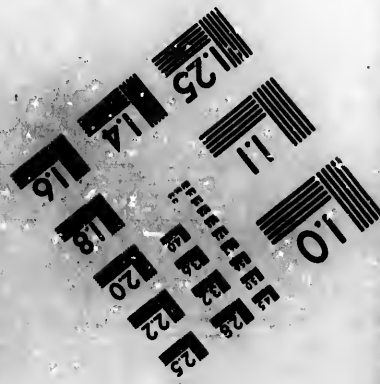
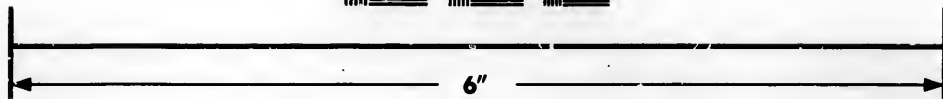
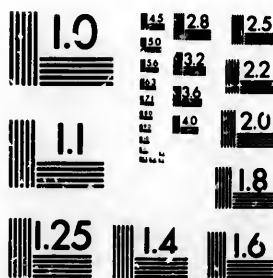


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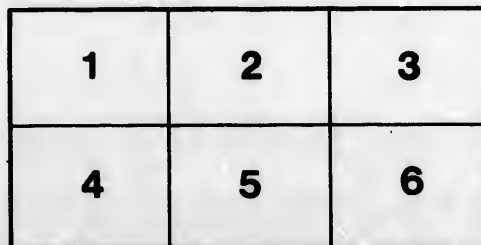
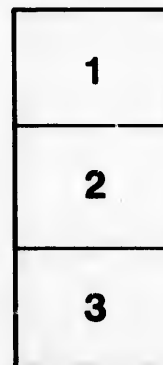
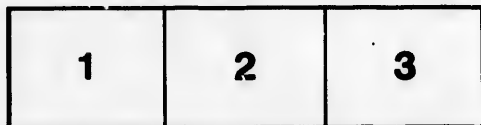
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A HISTORY

OF THE

Grand Trunk Railway of Canada,

COMPILED FROM PUBLIC DOCUMENTS.

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BY THOMAS STORROW BROWN.

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Quebec:

PRINTED FOR THE AUTHOR, BY HUNTER, ROSE & CO., ST. URSULE STREET.

1864.

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THE  
GRAND TRUNK RAILWAY  
OF CANADA.

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A HISTORY of the Grand Trunk Railway of Canada, from its inception, when Mr. Francis Hincks played *Faust* to the *Mephistopheles* of Mr. William Jackson, is required for the use of the present generation. The real directing "Satan" of the enterprise is not so apparent, but possibly our financial agents in London, Messrs. Baring, Brothers & Co., and Glyn, Mills & Co., with the contractors, Messrs. Peto, Brassey, Betts (and Jackson), held the commission on joint account, for Mr. Hincks, in his celebrated ultimatum to Sir John Pakington, admits the supreme influence of certain "eminent capitalists;" and as these alone appear prominent in the drama, we may assume them to be the gentlemen entitled to such honorable mention.

A sketch of our earlier railway legislation may be excused as a fitting introduction.

While our neighbors, deficient in inland water routes, were devising railway lines up to our very borders, the attention of the people of Canada was first called to the improvement of our magnificent lake and river navigation, which, running from one end of the Province to the other, and in few places far distant from remote settlements, created in itself a natural "opening" to the country and grand highway to the ocean, that no railroad could equal. It was premature to think of routes running perpendicular to the water-line; and if run parallel, they were only absolutely required in winter, when there was, at that day, little movement of freight or passengers. Canada could hardly have been charged with want of public spirit, or its people with inertia, if, after completing at great cost the noblest river improvements in the world, we did not immediately set about running a railroad beside them, to compete for and divide the traffic. We could afford to wait for developments.

A wise and cautious policy characterized our first General Railway Act. (12 Vic., Cap. 29, 1849.) It declared, in principle, that government encouragement was best extended by aid to private corporations, so ordered that the enterprise might be fostered without stimulating inordinate speculation. Therefore, when any parties had expended upon a road, forming part of a main trunk line commenced upon their own resources, one-half of the amount required for its construction, government would ensure the success of their undertaking by a guarantee of interest on loans raised to complete the other half,



taking as security a first mortgage upon the whole. Neither interference nor management by the Province was contemplated; the control was to be entirely in Imperial or private hands. Should the British Government construct the intercolonial road from Quebec to Halifax, Canada would pay an annual sum of £20,000, with a grant of all the unceded land of the province within ten miles on either side of the road.\* Our only railroads then were from Laprairie to St Johns, 15 miles, opened in 1836; and from Longueuil to St. Hyacinthe, 30 miles, opened in 1849.

At this period the intercolonial railroad as a grand highway to a winter seaport in British waters was a continued theme of discussion among the people of the provinces, and occupied the serious consideration of their respective governments. There was already in progress a road from Montreal to Portland, where those below who made national interests subordinate to commercial interests were willing to meet us; but with others there was a strong desire for a road through British territory. Correspondence ensued between the three provinces and the Imperial Government, and Major Robinson—sent out in 1848 for

\* Title of the Act referred to (12 Vic., Cap. 29): *To provide for affording the guarantee of the Province to the Bonds of Railway Companies on certain conditions, and for rendering assistance in the construction of the Halifax and Quebec Railway.* The guarantee of the bonds of railway companies is comprehended in the 1st section.

"Whereas, at the present day, the means of rapid and easy communication by railway, between the chief centres of population and trade in any country and the more remote parts thereof, are become not merely advantageous, but essential to its advancement and prosperity; and whereas experience has shown, that whatever be the case in long settled, populous and wealthy countries, in those which are new and thinly peopled, and in which capital is scarce, the assistance of government is necessary, and may be safely afforded to the construction of lines of railway of considerable extent; and that such assistance is best given by extending to companies engaged in constructing railways of a certain length, under charter from, and consequently with the approval of, the legislature, the benefit of the guarantee of the government, under proper conditions and restrictions, for loans raised by such companies to enable them to complete their work: Be it therefore enacted, &c., &c. That it shall be lawful for the Governor in Council, on behalf of this Province, to guarantee the interest on loans to be raised by any company chartered by the Legislature of this Province for the construction of a line of railway not less than seventy-five miles in extent, within this Province, on condition,—that the rate of interest guaranteed shall not exceed six per cent. per annum,—that the sum on which interest shall be so guaranteed shall not be greater than that expended by the company before the guarantee is given, and shall be sufficient to complete their road in a fitting manner, and to the satisfaction of the Commissioners of Public Works; provided always, that no such guarantee be given to any company until one-half of the entire line of road shall have been completed,—that the payment of the interest guaranteed by the Province shall be the first charge upon the tolls and profits of the company, and that no dividend shall be declared so long as any part of the said interest remains unpaid,—that so long as any part of the principal on which interest is guaranteed by the Province remains unpaid, no dividend shall be paid to the stockholders until a sum equal to three per cent. on the amount so remaining unpaid shall have been set aside from the surplus profits of such railroad, and paid over to the Receiver General, under the provisions hereinafter contained, as a sinking fund for the redemption of the debt on which interest is guaranteed as aforesaid,—and that the Province shall have the first hypothec, mortgage and lien upon the road, tolls and property of the company, for any sum paid or guaranteed by the Province, excepting always the hypothec, mortgage or lien of holders of bonds or other securities on which interest is guaranteed by the Province, for the interest so guaranteed and the principal on which it shall accrue."

The provisions respecting the aid to the Quebec and Halifax Railway are as follows:

"And whereas the proposed railway between Halifax and Quebec will be a great national work, linking together the several portions of the British Empire on the continent of North America, and facilitating the adoption of an extensive, wholesome and effective system of emigration and colonization, and it is right that Canada should render such assistance as her means will admit of towards the accomplishment of a work so important and promising results so beneficial: Be it therefore enacted, That if Her Majesty's Government shall undertake the construction of the said railway, either directly or through the instrumentality of a private company, it shall be lawful for the Governor in Council, on behalf of this Province, to undertake to pay yearly, in proportion as the work advances, a sum not exceeding twenty thousand pounds sterling towards making good the deficiency (if any) in the income from the railway, to meet the interest of the sum expended upon it, and to place at the disposal of the Imperial Government all the ungranted lands within the Province lying on the line of the railway to the extent of ten miles on each side thereof, and to undertake to obtain, pay for and place at the disposal of the Imperial Government all the land required within the Province for the use of the railway, and for proper stations and termini."

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the purpose—surveyed a northern line through New Brunswick, 635 miles in length, from Halifax to Quebec, which, at his estimate, would cost £5,000,000 for its completion.

Here the question remained in abeyance, till Mr. Howe, a member of the Nova Scotia administration, proceeded in 1850 to London, to procure Imperial railway aid, including a line from Halifax to Portland, which proposition, Earl Grey, then colonial secretary, very naturally declined; but nevertheless signified his readiness to favor an intercolonial road, running upon the line of Major Robinson's survey. Elated with this partial success, Mr. Howe returned home to urge upon the three provincial governments an immediate acquiescence to the design of the Colonial Secretary, which was assumed to be an Imperial loan or guarantee on £7,000,000 sterling of provincial securities, and an undefined something more, an interpretation that was not disturbed by a despatch from his lordship in the month of March following, to the Governor General of Canada, announcing the conditions on which he would recommend to parliament an advance of the Imperial credit, to enable the provinces to raise on easy terms of interest the funds required.

This dazzling prospect threw new light upon our mercurial Mr. Hincks, who, assuming without other authority than his own imagination, that £4,000,000 sterling would be the allotment for Canada, with no exact determination as to line of route, introduced to parliament the act of 1851, known to our sorrow for its progeny of debentures as 14 & 15 Vic., Cap. 73,—which being contradictory to it, made in part waste paper of the act of 1849. At that date, experience had proved that government aid was best given by assistance to chartered companies in control of their own affairs. Now, when introducing this bill, 8th August, 1851, Mr. Hincks said: "He believed that the experience of other countries warranted the conclusion that the best method of constructing and managing railroads was by placing them under the control of the state. In Belgium, the railroads were entirely the property of the state, and their management was unquestionably the best with which he was acquainted, and he, therefore, proposed to apply this principle to this Province." More perceptive than reflective or profound, this great "Financier" was often a convert to the last speaker.

Next, with his usual readiness at figures, the most deceptive instruments that man ever handles, he proved conclusively to parliamentary arithmeticians that £4,000,000 stg. would complete both our share of the intercolonial road and its extension to Toronto. The "Financier," who "did not desire to go too low," thus established his position:—

"Mr. Keeffer's estimate for that portion between Toronto and Kingston was £4,500 per mile, and from Kingston to Montreal £5,000 per mile. Taking the average at £5,000 per mile—a very safe estimate—the whole would amount to £1,900,000. *He did not desire to go too low*, and therefore, called the estimate from Melbourne to Quebec £5,000,—for ninety-five miles, £570,000; to which must be added one-third of the line between Quebec and Halifax, which he estimated at £7,000, making the whole £3,338,000—or say, in round numbers, £4,000,000."

The Act 14 & 15 Vic., Cap. 73, provided for three eventualities. 1st. The construction of an intercolonial road from Halifax to Quebec, in conjunction with New Brunswick and Nova Scotia, on a loan under Imperial guarantee or funds advanced by the British Government; ungranted lands within the province for ten miles on either side of the road being placed at the disposal of the Governor in furtherance of the project. 2nd. That if the Imperial guarantee be obtained, the road shall be continued as part of the main trunk

to Hamilton, or some other convenient point on the Great Western Railway, with this fund; but if the guarantee should not be obtained, or if the fund should not be sufficient for the whole undertaking, then the road might be constructed conjointly by the province and municipal corporations, who should subscribe for half the cost, the whole to be completed and managed as a provincial public work. 3rd. If neither of these projects proved practicable, falling back upon the principle of the act of 1849, the works might be undertaken by chartered companies, which would be entitled to the provincial aid in a guarantee now extended from the interest to the principal on loans amounting to one half of their cost. This advance was to be granted to complete what had been at first one half constructed by private outlay, as proved to the satisfaction of the Board of Railway Commissioners; and further, "as the best means of sustaining the credit of the province," there should hereafter be no provincial aid extended to any railway, in addition to that required for the purposes of this act, except in completion of engagements to the Great Western, the Ontario, Simcoe and Huron (or Northern), and the St. Lawrence and Atlantic roads, which were already going forward on the faith of previous enactments. \*

\* The Act of 1851 (14 & 15 Vic., Cap. 73) is intitled: "*An Act to make provision for the construction of a Main Trunk Line of Railway throughout the whole length of this Province.*" The 1st section declares that:

"Whereas it is of the highest importance to the progress and welfare of this Province that a Main Trunk Line of Railway should be made throughout the length thereof, and from the eastern frontier thereof, through the Provinces of New Brunswick and Nova Scotia, to the city and port of Halifax; and it is therefore expedient that every effort should be made to ensure the construction of such railway, whilst as an act of justice to those who have advanced their money upon Provincial securities, and as the best means of sustaining the credit of the Province, and of readily commanding such further pecuniary assistance as may from time to time become necessary for great provincial works of internal communication, it is expedient that the Provincial Parliament should pledge itself not to allow the public debt and liabilities of the Province to be increased, except in the cases and under the conditions hereinafter mentioned.—It therefore enacts, that excepting only as regards such loans as may be raised for the purposes of this Act, under the authority and guarantee of the Parliament of the United Kingdom, and as regards the guarantee of the Province under Act 12 Vic., cap. 29, for interest only on debentures issued or to be issued by the *St. Lawrence and Atlantic*, the *Great Western*, or the *Ontario, Simcoe and Huron Railway Cos.*, the Provincial Parliament will not hereafter authorize the increase of the public debt and liabilities of this Province without the consent of the agents, through whom loans may have been negotiated in England, or the previous offer to pay off all debentures then outstanding."

Section 20. "And be it enacted, that the said guarantee shall not be given with regard to any railway or section until the said Board shall have reported to the Governor in Council that the land for the whole railway or section has been acquired and paid for, that a part of the work thereon has been completed to their satisfaction, and that the fair cost of the part so completed, including the fair cost of the land and of all materials then procured by, and the property of, the company (and not merely the sum the company may have actually expended upon the same), would not be less than the cost of the part remaining to be done, according to an estimate made upon tenders received and approved by the company and by the said Board as fair and reasonable, and in which case the guarantee of the Province may be granted for the sum necessary to complete such remaining part of the work, according to such estimate; and generally it shall be the duty of the said Board to obtain and report to the Governor all such information, and to do all such things as may be necessary to ensure the faithful execution of the said Act and of this Act, and any duty assigned to the Commissioners of Public Works by the said Act shall hereafter be performed by the said Board."

Section 22.—"That the said guarantee may, as regards those companies whose railways will form part of the said main trunk line, and upon such conditions as the Governor in Council shall think fit, be extended to the payment of the principal of the sum guaranteed, as well as to the payment of the interest thereon; provided the bonds guaranteed are made payable at periods previously approved by the Governor in Council, or in his discretion. Provincial debentures for the amount to be guaranteed, or any part thereof, may be delivered to the company in exchange for their bonds, for like sums, and the principal and interest whereof shall be made payable at like periods, or at such others as may be agreed upon; and for the principal and interest of such bonds, the Province shall have the same priority of hypothec, mortgage and lien upon the railway, tolls and property of the company, as by the said Act is given for sums paid or guaranteed by the Province, and subject to the same provisions, and the said guarantee may be given either at once for the whole sum to be raised by the company, or from time to time, and by portions, as the same shall be required for carrying on the works, according to the terms and conditions which shall have been made in that behalf."

Responsibility to Parliament being then deemed a reality, it was required that all moneys expended under the authority of the Act should be accounted for to that body within fourteen days after the opening of the succeeding session.

Though thus by legislation prepared for any fate, disjunctive ideas became apparent in the conjunctive elements of our grand design. Canada proposed to meet Nova Scotia through New Brunswick; New Brunswick disdained any project that did not include a line to Portland; and Earl Grey could not discover anything intercolonial in this foreign connection. To harmonize these discordances, our Inspector General, Receiver General, and Commissioner of Public Works, visited the Lower Provinces, and united with their respective organs in assenting to some new line, undetermined, except that it should not be on the route traced by Major Robinson, but which might be equally acceptable to Earl Grey.

This arrangement necessitated a new embassy to London. Early in 1852, Mr. Hincks and Mr. Chandler, as representatives of their respective provinces, proceeded on their mission, to be followed by Mr. Howe, of Nova Scotia; and on the 30th April obtained an interview with the Earl of Derby, then Premier, whose gracious reception is thus announced in a letter from the Canadian ambassador to his colleagues in the ministry:—

“We were given to understand by His Lordship that he would examine the various papers on the subject of the British American Railway, and that he would see us again on the arrival of Mr. Howe, of Nova Scotia. I left his lordship, in the confident hope that I should receive an early communication of the intentions of Her Majesty’s Government.” Mr. Chandler also communicated to New Brunswick his favorable impressions of the interview.

It were to be hoped the dates upon official record are erroneous; but as they stand recorded, on the very next day, Mr. Hincks, without new advice from Canada, or waiting for Mr. Howe, assuming the dictatorship absolute of all our designs and interests, threw overboard the intercolonial railway—about which we are, as a consequence, still battling, and thus addressed his menacing ultimatum to Sir John Pakington, the new Colonial Secretary, who, in consideration of pending elections, consequent upon the recent change of ministry, might have been favored with a missive less peremptory. Moreover, it would appear rather post-prandial, or, in the vernacular, “after dinner” than business-like, to break off an interprovincial negotiation, in which he was but one party, merely because it *seemed* to him “far from improbable that on some ground or other” it would prove a failure.

“It seems to me far from improbable, that, on some ground or other, this negotiation will prove a failure. If so, it is of the utmost importance to Canada that the fact should be known as soon as possible. I have reason to believe that I can effect arrangements on the spot with eminent capitalists, to construct all the railroads necessary for Canada with our own unaided credit. I have, likewise, reason to think that the European line from Halifax to the frontier of Maine can be constructed by the unaided credit of Nova Scotia and New Brunswick. I therefore most respectfully request of you, sir, that you may give me a final answer by the 15th instant; and I must add, that if Her Majesty’s Government are unable, either from want of time or from the necessity of consulting Parliament, to come to a decision by that period, I must beg it to be understood that Canada withdraws from the present negotiation: and that I shall deem it my duty to enter into arrangements, which, if confirmed—as I believe they will be, by the government and legislature—will put it out of the power of the Province to negotiate on the present basis.”

Mr. Hincks was deep read in the book-learning of the school of financial prophets. He was himself a “financier” of a class that, one after another, are elevated for a few days

to high renown by raising the largest sum of money in the shortest time, regardless of present sacrifice or future consequences. The multitude are only dazzled by the treasure, or profit by its hasty expenditure. The few who can understand or appreciate the process are stoned if they dare at the time give honest utterance. His position as our finance minister brought him in contact with "eminent capitalists;" through the very disinterested assiduity of Mr. William Jackson, he was introduced to "eminent contractors." No simple boy becoming of age, with a large patrimony to draw upon, was ever more courted by a set of schemers. A large province with a small existing debt, was truly "game." He had gone to England to secure £7,000,000 sterling, at 3½ per cent. interest, for the great national purpose of completing a railway from Halifax to the Detroit river; he had been favorably received by the Earl of Derby; Mr. Chandler was satisfied; Mr. Howe had not arrived; but yet he breaks away on the ground of a mere "it seems to me," and hurries home, driven by the big burley Mr. Jackson, to do his bidding in abrogating every safe principle of government liability consecrated by previous railway legislation, and introducing the wild anomaly of virtually granting charters to contractors for the construction of railways, with their own prices attached, these contractors undertaking, in consideration of a "bait" in the shape of a provincial guarantee of £3000 sterling per mile, to find shareholders, who would furnish the remainder.\*

This came out within a few months. The published correspondence of 20th May, between Mr. Jackson and Mr. Hincks, relates particularly to the road from Montreal to Hamilton, but it shews how completely the "Inspector General of Canada" had committed the Province to his new acquaintances. It was only afterwards that Mr. Jackson discovered the more extended field of speculation in which he could use his convenient instrument, the plastic minister.†

\* *Extract from resolutions of Railway Committee—Sir A. McNab, Chairman—18th Oct., 1852.*

"He [Mr. Hincks], on the part of government, entered into fresh negotiations with Mr. Jackson, acting on behalf of the eminent British contractors, the result of which was an agreement on Mr. Jackson's part that the firm would contract the whole line at the price fixed, and be responsible for taking the whole stock of the company, on obtaining the government guarantee, for the sum of £3000 sterling per mile."

Mr. Hincks, in a letter addressed to the committee, says—

"On that very day Mr. Jackson had agreed to be responsible that the whole stock should be taken, and that he and his partners would construct the road, taking the bonds of the Province for £3000 sterling per mile, and raising all the rest of the funds."

These remarks more particularly related to the road from Montreal to Toronto, but were understood to apply to all, Mr. Hincks adding, "I think it now quite practicable to secure the entire line to Halifax with very little cost to the province."

† *From Honorable F. Hincks to William Jackson, Esquire.*

MORLEY'S HOTEL, London, 20th May, 1852.

Sir,—Having reference to our several personal communications, I now beg to submit, in writing, the arrangements under which it appears to me that the Grand Trunk line of railroad between Montreal and Hamilton can be constructed.

*Firstly.*—I understand that certain parties, including Mr. Peto, M.P., Mr. Brassey, Mr. Betts, and yourself, are prepared to construct the above mentioned railway, estimating their profits in doing so on the same scale as they have estimated them in their contracts for various lines of railway in England and on the continent of Europe.

*Secondly.*—If the terms of such contract be agreed to, I propose that the funds necessary for the construction of the line should be raised in the following manner, viz.: one-tenth of the amount shall be taken by the contractors in stock of the company, and credit given for the same in the account for construction; one-tenth shall be taken in stock by private individuals in Canada, or by municipal corporations, or by the Government of Canada. In case such stocks should be subscribed for by government or by corporations, their bonds, at twenty years' date, bearing six per cent. interest, to be taken at par by the said contractors. Three-tenths of the amount shall be provided by the issue of the

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When parliament assembled in August 1852, Lord Elgin, in his opening speech, thus spoke :

"I shall cause such documents to be laid before you as will put you fully in possession of the steps which I have taken during the recess, with intent of giving effect to the intentions of the Legislature embodied in the Acts passed last session for promoting the construction of railways. I have endeavoured in these proceedings to act, so far as circumstances have permitted, in concert with the Lieutenant Governors of the lower provinces."

But, nevertheless, both "the Acts passed last session" and "the Lieutenant Governors" were unceremoniously thrown overboard. Jackson, with his whipper-in, Mr.

bonds of the company, bearing six per cent. interest, and payable twenty years after date, which bonds the said contractors will take in payment at par. The remaining one-half of the amount to be raised by the issue of the bonds of the company or companies, guaranteed by the Province of Canada, and bearing six per cent., under the terms of the Canadian Railway Guarantee Act.

*Thirdly.*—The said contractors shall send out, with as little delay as possible, to Canada, competent engineers to examine the surveys of the line already made, to complete them if deficient, and to prepare the necessary working plans and estimates of the cost of construction of the whole line. On the completion of the estimates, they, together with the plans, shall be submitted with a tender for the construction of the works to two engineers, one to be appointed by the Railway Commissioners of Canada, and one by the contractors; and in case either or both of such engineers should decide that such tender is too high, and that the said contractors shall be unwilling to reduce the same to an amount deemed reasonable by such engineer or engineers, then the said plans shall become the property of the company, who shall pay, on delivery of the same, such expenses, including the cost of travelling, as the said engineers shall deem reasonable.

*Fourthly.*—In the event of the contract being agreed upon, the Railway Commissioners shall be authorized to employ, at the cost of the company, such superintending engineers as they may think necessary, with a view to the interests of the government and company, at the cost of the company, and the preliminary charges already incurred on behalf of the company, in engineering and obtaining plans, shall be charged as part of the cost of the road.

*Fifthly.*—It is understood that the cost of land shall be paid out of the portion of the stock of the company subscribed for by individuals or municipalities, or the Government of Canada.

If you and your friends are disposed to construct the Trunk Road in Canada on the terms above mentioned, I am prepared, on behalf of the Government of Canada, to agree to the engineers being sent out with as little delay as possible.

I am, sir, your obedient servant,  
(Signed)

F. HINCKS,  
Inspector General of Canada.

W. JACKSON, Esq., M.P.,  
&c., &c., &c.

From William Jackson, Esquire, to Honorable F. Hincks.

LONDON, 20th May, 1852.

Sir,—On behalf of Messrs. Peto, Brassey, Betts, and myself, and any other parties who may be associated with us, I agree to your proposals for the construction of a railway from Montreal to Hamilton, contained in your letter to me of this day's date, subject to the following modifications:

*Firstly.*—That direct Government bonds, five-tenths (5-10ths) of the capital shall be given in lieu of the company's bonds guaranteed by the Government. The option of taking one or the other to rest with us.

*Secondly.*—That the bonds of the company shall bear seven per cent interest, so as to enable them to compete in the money market with similar bonds issued by railway corporations in the United States, and which are now offering in the market. We shall be prepared to pass to the credit of the company any surplus which these seven per cent. bonds may produce beyond par.

I will write by to-morrow's mail to Mr. Ross, and give him the requisite instructions to proceed forthwith with the survey.

Yours truly,

(Signed)

W. JACKSON.

Honorable F. HINCKS,  
Morley's Hotel.

From the Honorable F. Hincks to William Jackson, Esquire.

LONDON, 20th May, 1852.

Sir,—I have to acknowledge the receipt of your letter of this day, agreeing, on behalf of Messrs. Peto, Brassey, Betts, and yourself, to construct the Montreal and Hamilton Railway in Canada, on the terms suggested in my letter of this day's date, with certain modifications. I am certain that no objection will be made to the issue of direct bonds of the Government, provided such bonds are negotiated by Messrs. Baring, Brothers & Co., and Messrs. Glyn, Mills & Co., the agents of the Province, to whom the Canadian Government is bound not to allow its bonds to be issued through other parties.

Hincks, drove members of parliament like a flock of sheep, to hurry through, in the first days of November, without many usual references or forms, three Acts, known as 16 Vic., Caps. 37, 38, and 39.

The first provided for a road from Montreal to Toronto, to be called the "Grand Trunk Railway of Canada;" the second for a road from opposite Quebec to Trois Pistoles, to be called the "Grand Trunk Railway of Canada East;" and the third for the amalgamation of as many lines in Canada, forming part of the main trunk line, as might choose to unite together, the whole being in reality one act in substance, and preliminary to a yet hidden scheme for consolidating our principal railways into one irresponsible monopoly.

The provincial guarantee was fixed at £3000 per mile, in debentures of the Province having twenty-five years to run, for the interest on which and payment at maturity the companies were to provide, the proceeds being advanced to them, at the rate of forty per cent. on their expenditure, as the work progressed.\* Chapter 37 granted one million of

I do not apprehend that any difficulty will be raised to the second proposal with reference to the rate of interest, it being understood that if the six per cent. bonds can be negotiated at par, you will endeavour to do so. With reference to another point mentioned in conversation, I beg to say that if no companies be formed, or if any difficulty should occur with them, the Government of Canada will be responsible for the cost of survey, in case, under the agreement, it has to be reimbursed. While I assume the responsibility of agreeing to this, you, of course, understand that the other portions of the scheme must be concurred in by the Government; but my utmost support shall be given to the plan as now arranged.

I am, your most obedient servant,  
(Signed)

F. HINCKS.

W. JACKSON, Esquire.

*From William Jackson, Esquire, to Honorable F. Hincks.*

LONDON, 21st May, 1.30 A.M.

SIR,—Your reply to mine of last evening is to hand and satisfactory.

Yours,  
(Signed)

WILLIAM JACKSON.

Honorable F. HINCKS.

*From William Jackson, Esquire, to Honorable F. Hincks.*

21st May, 1852.

SIR,—You seem to think that the seven per cent. payable on the bonds to be issued by the company may be an obstacle to your progress; do not let it be made one. If the company do not find it their interest to make the bonds bear that rate, their interest being ours, we must do the best we can.

(Signed)

WILLIAM JACKSON.

Honorable F. HINCKS.

\* The guarantee of the Province is thus defined and limited in the 28th section:—

"Provided always, and be it enacted, That for and notwithstanding anything to the contrary in the Act passed in the twelfth year of Her Majesty's reign, and intituled, *An Act to provide for affording the guarantee of the Province to the bonds of railway companies on certain conditions, and for rendering assistance in the construction of the Halifax and Quebec railway*, or in the Act passed in the session held in the 14th and 15th years of Her Majesty's reign, and intituled, *An Act to make provision for the construction of a Main Trunk line of railway throughout the whole length of this Province*, the guarantee of the Province shall not be given to the company incorporated by this Act, or in respect of the railway hereby authorized to be constructed, to an amount exceeding the sum of three thousand pounds sterling for every mile in length of the said railway: but provided the limit above mentioned be not exceeded, the said guarantee may, notwithstanding anything to the contrary in the said Acts, be given to the extent of forty thousand pounds sterling, so soon as it shall be ascertained by the report of any engineer or engineers to be appointed for that purpose by the Governor of this Province, that one hundred thousand pounds sterling has been actually, and with due regard to economy, expended on the said railway by the said company, in work or materials delivered on the ground, or both conjointly; and whenever it shall be ascertained in like manner that another sum of one hundred thousand pounds sterling has been so expended as aforesaid, then the guarantee of the Province may be given for another sum of forty thousand pounds sterling, and so on *folies quoties* and till such guarantee shall have been given to the whole extent hereby before limited: Provided always, that such guarantee shall, except in so far as otherwise provided by this section, be subject to all the provisions of the Act first cited in this section, as amended by that secondly cited therein, and may, under the provision of the twenty-second section of the Act last mentioned, be given by issuing and delivering to the said company Provincial debentures, for the amount to be guaranteed in exchange for the bonds of the company, to which bonds all the provisions of the said section and of the said Acts shall apply."

acres of public land in the counties of Rimouski and Bonaventure, in furtherance of the extension of the line eastward. Chapter 38 repealed the charters of the Montreal and Kingston, and Kingston and Toronto Railway companies. Our previous inducement to men without capital to become railway constructors had been, that we would aid them with the last half of the money required, after they had obtained and expended the first half. Now, when "capitalists" came forward to commiserate our poverty, we agreed to commence paying them from the start. "Belgium" was no longer an authority with Mr. Hincks. His last year's creed, that "the best method of constructing and managing railroads was by placing them under the control of the state," was no longer orthodox. He had, in three years, advocated four distinct principles for the promotion of railway undertakings, and now adopted a fifth.

Speeches in parliament, the public press, and the tongues of chattering people now rang with laudations to the "capitalists," who, without trouble to ourselves, were generously to invest their immense wealth in building our railroads wherever asked for. To doubt was rank heresy.\* Somebody from about Peterboro' timidly enquired how a road along the front could benefit that "section?" "Build you a loop line," briskly replied Mr. Jackson, clapping his big hand over the map, thumb at Belleville, little finger at Port-Hope, and middle finger at Peterboro'. People were charmed with this facility of construction. Nobody had ever before heard of a "loop" line. It was deemed a thing of magic that was to bring the road to every man's doors—barn-doors included.

One clause ironically permitted the railway companies to renounce the Provincial guarantee, which, it was said, was introduced into the Acts merely as a "form" required, by previous legislation; for how, echoed the intelligent reasoners of saloons and bar-rooms, could "capitalists," unable to find three per cent interest for their enormous accumulations, consent to pay six per cent on our debentures? One honorable and sagacious legislative councillor was carried away captive by another assurance of the capacity of Peto, Brassey, Betts and Jackson, beyond all other men to undertake railroad contracts. Mr. Hincks positively assured the prudent gentleman that they had on hand a stock of old picks and shovels sufficient to dig all our roads, without buying new ones! Nonsense, like ladies' bonnets, appears exceedingly ridiculous when a few years have passed from its day of useful service.

Subsequently, when the provincial aid became exhausted, poor Mr. Hincks snivelly admitted that the contractors were never expected to expend their "realized capital." This was equivalent to announcing that the great wealth they undoubtedly controlled, on which we had trusted, was to remain intact, while they only expended here the funds raised through Acts of our Parliament, a feat that might have been accomplished by any street-corner politician of our own country, without pretence of being principal shareholder in the mines of Golconda.

The adjourned meeting of parliament in February completed the machinery commenced in November. One Act, 16 Vic., Cap. 75, was *To provide for the construction of*

\* It was apprehended that influential parties would "stop" the *Montreal Gazette* for admitting an article from me, where I enquired whether reports from Birkenhead were not somewhat unfavourable to Mr. Jackson's individual pretensions, reminding readers of the beguilements of some previous "capitalists," a class who are often in highest credit where least known and the farthest away from home.



a general railway bridge over the River St. Lawrence, at or in the vicinity of the city of Montreal, with a capital of £1,500,000 sterling, and the Grand Trunk Company was empowered to assume the undertaking. A second Act, 16 Vic., Cap. 76, extends the provisions of the Railway Union or Amalgamation Act, 16 Vic., Cap. 39, "To companies whose railways intersect the Main Trunk line or touch places which the said line also touches." Canada was for once "united," so far as concerned railways, if in no other ways. Indeed, the whole scheme, now, nautically speaking, on the "ways," only required wedging up, and Mr. John Ross, then Solicitor-General West, with Mr. Galt, visited London to assist at the launch, which was to "float it off" on the London money market.

The first documentary appearance of these gentlemen is in contracts. The Grand Trunk Company of Canada was still a myth as regards stockholders—not one existed; but it had a charter, contractors, and "president." The Grand Trunk Company of Canada East was in the same aerial position, yet Mr. Ross, the pre-born president of two companies not in existence, signed contracts on the 23rd March, 1853, with Messrs. Peto, Brassey, Betts and Jackson, for the construction of the road from Montreal to Toronto, 345 miles, for £3,000,000 sterling, or £9,000 per mile—for it was really only 333 miles—and for the road from Quebec to Trois Pistoles, 153 miles, for £1,224,000, or £8,000 sterling per mile; payable £3,000 per mile in provincial debentures, and the balance, one half in company's debentures, having 25 years to run—the other half in share-stock of the company. At the same time, Mr. Galt, on the part of Messrs. Gzowski and Co., contracted with Mr. Alexander Gillespie, of London, for the construction of the Toronto and Sarnia road—172 miles, for £1,376,000, or £8,000 sterling per mile—payable in cash as the work progressed. For these prices, the roads were to be constructed superior to anything known in America—equal to the best English roads—and delivered over to the companies fully equipped, with buildings, rolling stock, and everything necessary for immediate traffic, without the possibility of any further cost or charge. That nothing should be omitted, the contractors were to pay interest on moneys raised until the roads were completed, and allowed £70,000 to the companies for superintending expenses. The road received by the company fell short of this description. \*

The construction of the Quebec and Richmond road, 95 miles—but called 100—had been contracted for with Mr. Jackson, on the part of Peto and Co., by an agreement of 20th October, 1852, (which superseded Rigney's contract of the previous January). The rate for the entire completion, with rolling stock, being £6,500 sterling per mile, payable £250,000 in provincial debentures, £100,000 in company's debentures, £205,000 cash,—being the amount of capital to be paid up on shares subscribed in England—and the balance in share stock.

\* The contract stipulations are in these terms:—

"The said Railway to be a first-class single track railway, with the foundations of all the large structures provided for a double track, up to the earth level, and to be superior to any American or Canadian railway now known or used, and equal to the first-class English railways, so far as the permanence and substantiality of the work is concerned, and such an one as regards permanence of structure and substantiality as would be approved of by the English railway authorities as fit to be opened and used for passengers and traffic, and as would be approved of by the Railway Engineers of England of the highest standing and experience." \* \* \* "And (the contractors) farther shall and will equip and stock the said railway with the necessary fixed and moveable plant and rolling stock." "The whole to be in good and substantial condition and complete working order, and in every respect fit and ready for the actual immediate working of the traffic and travel, without further outlay of expense" to the company.

The St. Lawrence and Atlantic road had been nearly completed to St. Hyacinthe in November, 1849, when Messrs. Black, Wood & Co. contracted to complete the Canadian portion for £6,550 cy. per mile. Provincial aid was first asked when it was completed to Richmond, in October, 1851. It was opened to Sherbrooke in September 1852, and continued to Island Pond in the following year. On the 9th December, 1852, Mr. Keefer reported the expenditure on work done at - - - £986,201 3 5

Amount required to complete the line - 150,771 0 0  
 ----- £1,136,972 3 5, cy.,

On which the Provincial Guarantee would be £568,486 1 8

Already advanced [£400,000 stg.] - - - - 486,666 13 4

----- £81,819 8 4

Equivalent to £67,500 sterling, subsequently handed over to the Grand Trunk Company, which, by the amalgamation, admitted the stock at par, and allowed the shareholders 37½ per cent for back interest, or thereabouts.

Such being the position of the separate companies, each empowered to raise a large share capital, and all things prepared by cunningly and comprehensively devised enactments, through the instrumentality of a subservient machine, called parliament, for the *Grand coup de plume*—the bold stroke of pen and ink—on the 12th April, 1853, in London, the five roads became united under the amalgamation agreement into one company, by the name of the Grand Trunk Railway Company of Canada, thenceforth to be liable for all the obligations or contracts of the before-existing separate corporations, and entitled to all their rights, including a claim on Government for £1,811,500 stg., in provincial debentures. A contract with Messrs. Peto & Co., for building the Victoria bridge, at a cost of £1,400,000, or £1,500,000 stg., was included, and the Atlantic and St. Lawrence Company, of the State of Maine, so far became parties as to lease their road, 148 miles, from Portland to Island Pond, in the State of Vermont, for 999 years, at an annual rent of 6 per cent on an alleged outlay or cost of \$4,700,000. A road from Belleville to Peterboro', 50 miles, contracted for by Peto & Co., at £400,000 stg., was included, but there dropt—it was never commenced. \*

\* ORIGINAL distribution of Capital.—Estimated cost of several works comprised in the Grand Trunk Railway Company:

St. Lawrence and Atlantic, 142 miles—£8,500 per mile.....	£1,258,000
Quebec and Richmond, 100 miles—£6,500 per mile...£650,000	1,224,000
Extension.....	50,000
	-----
	700,000
Montreal to Toronto.....	3,000,000
Trois Pistoles, 153 miles, at £8,000 per mile.....	1,224,000
Grand Trunk Junction, 50 miles, at £8,000 per mile.....	400,000
Toronto and Sarnia, " ".....	1,376,000
Victoria Bridge.....	1,400,000
Contingencies.....	142,000

962 miles..... £9,500,000 sterling.

Deduct—Allowed for Contingencies, as above.....	£142,000
Do. in contracts, for superintending.....	70,000
35 miles not built, from River du Loup to Trois Pistoles.....	280,000
50 miles "Grand Junction" not built.....	400,000

----- £892,000 sterling.

Surely this should have been sufficient to build the branch to London, 21 miles, pay all "extras," and leave a surplus,

Behold now the Grand Trunk Company of Canada! supreme from Trois Pistoles to Sarnia, and from Montreal to Portland; complete in president, directors, secretary, engineers, bankers, solicitors, contractors, and everything except what is usually first required in corporate companies,—that is to say, stockholders, or proprietors. This amalgamation agreement is signed by John Ross for three myths: the Grand Trunk Company,—the Grand Trunk Company East,—and the Belleville and Peterboro', called the "Grand Junction." A. T. Galt, for the St. Lawrence and Atlantic; Alexander Gillespie, for the Toronto and Sarnia; and William Chapman, for the Quebec and Richmond; followed by the approving autographs of Samuel M. Peto, Thomas Brassey, Edward L. Betts, and William Jackson,—the whole being witnessed by the Company's solicitor, who, in view of his privity to all this "making things pleasant," is appropriately named "Wag-staff," and "Henry Moon," his clerk, whose name is quite suggestive enough, without the addition of shine."

Perhaps it were well, at this point, to stop and enquire what gain was accomplished by our introduction to "eminent" capitalists and contractors? The Portland road was then nearly completed; the Quebec and Richmond road was under contract, and the capital subscribed; the contractors of the Ogdensburgh road were ready to construct the line from Montreal to Kingston or Toronto, at less than £6,000 cy. per mile; there would have been little difficulty in extending to Hamilton, where connection with the Great Western would have given us a complete line from Quebec to Detroit, at comparatively small cost. We got no winter highway to a seaport in British waters, which had been the aim of all our legislation; the crippling of our resources by the capitalists on whom we relied, has thus far, prevented our undertaking it, till now, when menaced by an angry American policy, we perceive we must have it at all hazards. Instead of a first-class English railroad, the Commissioners' report of 1861 tells us of sharp curves, steep grades, broken rails, 20 trains interrupted, and 80 cars off the track, or smashed, in the first three months of that year.

After the precise contract engagements, it is surprising to find that £2,491,092 were paid for additions upon the works of these three contracts, previous to the 30th June, 1860. Several witnesses testified before the government commission of 1861, to the wretched construction of a portion of the work and quality of materials. Part of the rails were of the very worst description of iron. Mr. Shanly stated that more than *two thousand* "broke like glass" on the central division alone, in the winter of 1860. "The grades and curves," he said, between Kingston and Toronto prevent economic working of the line. The natural contour of the land had been followed, so that there was a succession of ascents and descents at grades of 52 feet to a mile. An engine arriving from the west, with 20 cars had to leave 5 at Toronto and proceed with 15. Between Montreal and Cornwall, 68 miles, 300 rails were broken, some of them in a dozen pieces, while in the same time only 5 were broken on the St. Lawrence and Champlain road, 44 miles.

This breaking of rails caused a great destruction of cars and engines, with that minor consideration—life. Was the Grand Trunk Road truly made superior to anything known or used in America?

It has been, like other roads, subject to irregularities and disasters, nor has any line been the cause of greater dissatisfaction, in its running and management. Whatever might

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have been the difficulty in raising money for railways a few years before, capital was now more plentiful, and our own people strong enough to command it.

Immediately on the amalgamation, 12th April, 1853, or perhaps a little earlier, the Grand Trunk undertaking was introduced to the British public by a prospectus, \* to which

**\* PROSPECTUS OF THE GRAND TRUNK RAILWAY COMPANY OF CANADA.**

*Directors in London.*—Thomas Baring, Esq., M.P.; George Carr Glyn, Esq., M.P., Agents of the Province of Canada, and Directors of the Company on behalf of the Canadian Government; Henry Wollaston Blake, Esq.; Robert M'Calmont, Esq.; Kirkman Daniel Hodgson, Esq.; Alderman W. Thompson. M.P.

*Directors in Canada.*—The Honorable John Ross, Member of the Legislative Council, Solicitor General for Upper Canada, President; The Hon. Francis Hincks, M.P.P., Inspector General; The Hon. E. P. Taché, M.L.C., Receiver General; The Hon. James Morris, M.L.C., Postmaster General; The Hon. Malcolm Cameron, M.P.P., President of the Executive Council; The Hon. R. E. Caron, Speaker of the Legislative Council; The Hon. Peter McGill, M.L.C., President of the Bank of Montreal; George Crawford, Esq., M.P.P., Brockville; Benjamin Holmes, Esq., Vice-President of the St. Lawrence and Atlantic Railway Company; W. H. Ponton, Esq., Mayor of Belleville; W. Rhodes, Esq., Quebec; E. F. Whittemore, Esq., Toronto.

*Bankers in London.*—Messrs. Glyn, Mills & Co., and Messrs. Baring, Brothers & Co.

*Engineer in Chief.*—Alexander McKenzie Ross, Esq.

*Assistant Engineer.*—Samuel Keefer, Esq.

*Secretary in Canada.*—C. P. Roney, Esq.

*Solicitors in England.*—Messrs. Swift and Wagstaff, 30, Great George Street, Westminster.

*Solicitors in Canada.*—G. E. Cartier, Esq., M.P.P., Montreal; John Bell, Esq., Belleville.

Applications for shares to be made to Messrs. Laurence, Cazenove and Pearse, Auction Mart, London, Brokers; or to William Chapman, Esq., 2, Leadenhall Street.

The Government and Legislature of Canada have, by various Acts, incorporated several companies for the construction of different sections of the Main Trunk Line of Railway throughout the Province, and Acts of the Canadian Parliament have also been passed authorizing the amalgamation of all the companies whose railways intersect or join the Main Trunk Railway with the Grand Trunk Railway Company, so as to form one company, under the name of the "Grand Trunk Railway Company of Canada." Arrangements are accordingly in progress for a fusion of the Grand Trunk Railway Company of Canada East, the Quebec and Richmond Railway Company, the St. Lawrence and Atlantic Railway Company, the Grand Junction Railway Company, and the Toronto and Guelph Railway Company, with the Grand Trunk Railway Company of Canada, forming together 964 miles of railway (including a bridge over the St. Lawrence, at Montreal, which will be constructed under the superintendence of Robert Stephenson, Esq., M.P., and A. M. Ross, Esq.,) with a combined capital of nine millions five hundred thousand pounds, and for a lease in perpetuity of the Atlantic and St. Lawrence Railway, from the point of its junction with the Grand Trunk Railway to the city of Portland, 148 miles, whereby access is obtained to the Atlantic at one of the natural harbours of the western continent.

The capital is . . . . . £ 9,500,000  
made up as follows:

Amount already raised in shares, and spent on works of the St. Lawrence and Atlantic and Quebec and Richmond Railways . . . . .	£ 683,400
Amount already raised on bonds . . . . .	733,000
	£ 1,416,400
Reserved in shares and debentures for the shareholders in the St. Lawrence and Atlantic, and Quebec and Richmond Railways, on the amalgamation, and for the bondholders of the Ontario, Simcoe and Huron Railway Company . . . . .	837,600
	<u>2,254,000</u>
Leaving . . . . .	£7,246,000

This amount will be created and apportioned as follows:

Stack in 144,920 shares of £25 each . . . . .	£3,623,000
Debentures of £100 each, payable in 25 years, bearing interest at 6 per cent. per annum, payable half-yearly, in London, and convertible into shares on or before the first day of January, 1863, at the option of the holder . . . . .	1,811,500
And debentures convertible into bonds of the Provincial Government, of £100 each, payable in 20 years, bearing interest at 6 per cent. per annum, payable half-yearly in London . . . . .	1,811,500
	<u>£7,246,000</u>

Of these 144,920 shares, it is proposed now to issue one-half, viz.: £1,811,500 in shares, and the same amount in debentures, the other half having been agreed to be taken by the contractors, who, however, engage to give to the holders of such shares, on the 1st July, 1854 (twelve months after the anticipated opening of the St. Lawrence and Atlantic section of the railway), the option of taking, in

small exceptions can be taken, inasmuch as it is little more than a common statement of common facts, and even the much harped upon 11½ per cent profit, is simply a rough estimate on data given, or "summary of probable revenues," that any one could examine. The appendix, to which "especial reference is craved," is merely the usual rose-coloured exposition common to the ordinary introduction of joint stock enterprises, which, from long experience, none can appreciate at the exact value more precisely than the English. The report of Lord Elgin, upon which deception has been charged, was simply the regular periodical communication expected by the Home authorities from every Colonial Governor, and, read where it appears, in the British parliamentary "blue book," seems rather modest

equal proportions, two-thirds of such remaining moiety; that is to say, every holder of thirty such shares will, on the 1st July, 1854, be entitled to claim twenty shares more at par, together with an equal amount of debentures, also at par. Such additional shares and debentures to bear interest at 6 per cent. from the said 1st July, 1854.

£200 of debentures (one-half of each description) will be issued at par with each £200 of shares.

By the law granting the Provincial aid, it is provided that the bonds of the Province shall be issued as the works advance. These bonds will, therefore, be held in trust to be delivered *pro rata* to the holders of the convertible debentures.

Interest, at the rate of 6 per cent. per annum, from the completion of the amalgamation until the entire works are finished, will be paid half-yearly in London, in sterling, on the amount from time to time paid upon each share. The dividends, as declared, will also be payable in sterling, in London.

The first payment in respect of the shares and debentures will take place on allotment as follows, viz.: £5 on each share, and 20 per cent. on each debenture, to be paid at the Company's bankers in London, Liverpool or Canada. The remainder will be called up by instalments, not exceeding £2 10s. per share, and 10 per cent. per debenture, at intervals of not less than four months between each call, and the first call will not be made until the expiration of six months from the date of allotment. Subscribers will, however, have the privilege of anticipating the calls upon the debentures, receiving 6 per cent. interest on the amount paid up in advance.

The description and objects of the Grand Trunk Railway are fully set forth in the appendix, to which especial reference is craved.

The more prominent points therein are:—

1. The completeness of the system of railway, embracing, as it does, the traffic of Canada and the State of Maine, and precluding injurious competition.

2. The large amount of Government guarantee and of Canadian capital invested, being two millions eight hundred thousand pounds sterling.

3. The fact that 250 miles of the railway are now open for traffic, to be increased to 390 miles by the close of the present year.

4. The execution of the whole remaining works being in the hands of most experienced contractors, the eminent English firm of Messrs. Peto, Brassey, Betts and Jackson, having undertaken seven-sixths thereof, including the St. Lawrence bridge.

5. The cost of the railway being actually defined by the contracts already made, whereby any apprehension of the capital being found insufficient is removed.

In the Appendix will also be found the data for the following *summary of probable revenue*:—

On 1112 miles, at an average of above £25 per mile per week..	£1,479,660	
Deduct working expenses, 40 per cent.....	591,864	£887,796
Interest on Debenture debt, £4,635,200.....	£278,100	
Rental of Atlantic and St. Lawrence Railway.....	60,000	338,100
		<hr/>
Thus showing a profit on the share capital, £4,864,800, of nearly		
11½ per cent.....		£549,696

The contribution which the Provincial Government engaged itself to make towards the completion of these undertakings was the loan of Provincial debentures payable in 25 years, bearing 6 per cent. interest, to be advanced as the works should progress, namely:—

Toronto to Montreal.....	345 miles
Quebec to Trois Pistoles.....	153 "
	<hr/>
	498 miles.
At £3000 per mile.....	£1,494,000
St. Lawrence and Atlantic.....	67,500
Quebec and Richmond.....	250,000
	<hr/>
	£1,811,500

in comparison with reports from other possessions much less worthy of compliments. The main and most important assertion was true in fact—that is, the entire cost of the road had truly been fixed by contracts with eminent English and other responsible contractors. The truth of inference, namely, that these contracts removed all doubts of the sufficiency of the capital to deliver the road over to the company, fully equipped, complete in every respect, and free from any further charges whatever, was to be established by the vigilance of those who were to become stockholders. It was not the fault of the prospectus if Peto & Co. afterwards absolved themselves.

The names of the directors who head the prospectus are those agreed upon in the deed of amalgamation, and certainly the acts provided that six out of the eighteen directors should be called "government" directors; but there is no greater popular delusion than to suppose that Canada or Canadians, through the instrumentality of government or public men, were instrumental in entrapping Englishmen into subscriptions for Grand Trunk stock. Nothing is more preposterous. Neither Canada nor Canadians had any interest in working off the stock. Out of their hands entirely, it was a speculation of the "capitalists," in which we had no right to intermeddle. Mr. Jackson, who had caused the acts of parliament to be "made to order," had, in assuming all the responsibility for his "capitalists," secured their rights in the direction of stock-jobbing tactics. Mr. Ross, the only member of our government then in London, kept entirely aloof; Mr. Galt was there, to work (miracles) for his St. Lawrence and Atlantic and Portland friends; and the other Canadians in London, instead of working to force stock upon the market, were only angry at not getting more in the allotment. All was planned by the English themselves, and conducted in the counting house of Messrs. Baring, Brothers & Co.

Even these directing Englishmen were in no haste to entangle other Englishmen. Enraptured with the success of Mr. Jackson's mission, and buoyant upon wind of their own raising, they preferred putting out just enough stock to whet the public appetite, and make profit by the premium to which that reserved would rise. With power to put upon the market any number of shares, they only offered 72,460, or £1,811,500 sterling,—little more than authorized to be issued on the Victoria Bridge alone. They gave the public short notice for subscribing, and in the allotment on the 25th April, only a fortnight after the amalgamation, appear to have kept a lion's share to themselves,—not, however, for want of subscribers, for the applications amounted to three or four times more than the stock to be distributed. There is no public record here of the original distribution; but a return furnished to parliament, made up to 31st December, 1854 (see Appendix A), shows on a list of about 600 names, holding 66,928 shares, more than one-third, or 23,764 shares, standing in the names of "Baring," "Glynn," "Mills," "Peto," "Brassey," "Betts," "Jackson," "Swift," and "Wagstaff,"—that is, the London financial agents of the province, the English contractors, and the company's legal advisers. Whether these were the shares originally taken, or the number had been increased by subsequent purchases, one thing is clear: when 1170, standing in the names of persons connected with Canada, are deducted, there remains but 41,994 shares, or, when paid up, a trifle over one million of pounds sterling, in the names of all the great British and foreign "public." This result at the end of nineteen months after the opening of the stock-books proves, that the pretended attack on English confidence or credulity, had been neither persuasive nor formidable.



As 72,460 shares, with exception of 810, unclaimed, were originally distributed, the foregoing return shows a deficiency of more than 5,000, that, in absence of other knowledge, might be attributed to the cancelment of an entry of 2,008 shares to Mr. Hincks, and the same number to Mr. A. M. Ross, all connection with which both parties disowned. People naturally assuming that Mr. Hincks had not sold himself and the Province, without a reasonable consideration, imagined the company had made him a present of £50,200, in paid-up stock; but it was not so. The most charitable construction of the transaction is, that the promoters of the scheme, anticipating a high premium, wished to put their friend in a position, like themselves, to make a few thousands by selling out. Instead of premium, the stock sunk to a discount, never to rise again to par, and Mr. Hincks did not want any of that sort.

According to the terms of the prospectus, the capitalists and contractors became entitled to £297,000, in provincial debentures, at par, on their 23,764 shares, which, at 15 per cent premium—said then to be their market value, and as such accounted for to the contractors, to whom they were originally to have been paid—left them a pretty net profit of £44,550 sterling.

Explanation is required upon a very important point. The return of the 31st Dec., 1854, purports to be a list of the actual stockholders on that day. They held 66,928 shares, or £1,672,000, on which, £1,037,475 was paid up. The A series, 72,460 shares, had been distributed in April, 1853. By agreement in the amalgamation deed and stipulation in the prospectus, the English contractors were bound to subscribe for and pay up, on the 1st July, 1854, all the B series, amounting to the same number, that might at that date be unclaimed by other parties having the privilege. Had this been done, the paid up share capital would have been about £2,200,000, instead of £1,037,475—whence the deficiency? One can imagine that holders of company's 6 per cent debentures would not be furious to convert them into stock that might pay nothing; but by what authority were the contractors relieved from the part of their bargain that compelled them to pay up all the unsubscribed stock, while they were regularly paid cash for their work on the other part? Whoever may have been the guilty one, this default forced upon the country the Act 19 Vic., Cap. 174, at a cost of £900,000 sterling.

Having been assured during the legislative period that we had to do with "capitalists" who would construct our railroads at little cost to ourselves, an early application for money was not to be anticipated; but, nevertheless, on the 8th September, 1853 (see Appendix B), Mr. Roney, secretary to the company, makes application, before they were entitled to a shilling, for the whole of the debentures authorized, the same to be forwarded to England for investment, "as the best means of RAISING THE CAPITAL of the Grand Trunk Railway with the least possible delay." On the 27th September (see Appendix C) the application was repeated, the plain English being that the government should immediately transmit to London the A series of debentures, £905,700 sterling, to be there negotiated under instructions of the company, and the proceeds to be so placed as to be available for its general engagements. The other companies to which he alludes only received their aid when their respective roads were one-half finished. An Order in Council, passed upon these applications, 30th September, 1853, (see Appendix D), authorizes the Receiver-General to transmit the debentures to the provincial agents, who shall invest the money received for them on account of the province, in the joint names of Thomas Baring and G. C. Glyn, in

such securities as they may deem advisable for the benefit of the Grand Trunk Railway Company.

Messrs. Barings, Brothers & Co., and Messrs. Glyn, Mills & Co., were jointly financial agents of the province. They were also bankers to the Grand Trunk Company. Mr. Thomas Baring and Mr. G. C. Glyn are respectively partners in the two firms, and, furthermore, directors in the Grand Trunk Company, thus acting in several capacities, while the fund acted upon was simply funds divided between the two houses. It is not customary for gentlemen so circumstanced to place the money of each customer under a separate lock and key. All funds are "mixed" in common with their own, and only traceable on the ledger, where its transfer is simply a change of figures from one side of a page to the other; consequently, whatever might be its final destination, nearly two millions sterling, raised upon Canadian securities, augmented or facilitated the ordinary trading powers of those capitalists in the years 1853 and 1854. One-half of the £1,811,500 debentures had been received in London previous to February 1854, and the other half between that date and October. We know nothing of the private arrangements between Barings and Glyn, "bankers," and the company. The Receiver-General, in his letter of 30th December, 1854, says the funds are either in bonds, in the hands of the firms, or invested in consols, in the joint names of T. Baring and G. C. Glyn. In correspondence with the province, they account for debentures released to the company. As "bankers" they may have credited the company with cash when received from their sale.

This unseemly haste in forwarding the debentures was the more reprehensible from its depressing influence upon the sale of Canadian securities offered in London for other purposes of government, and consequent injury to provincial credit, much forced in those years apart from the Grand Trunk advances.\* Between the years 1851 and 1859 our Government threw upon the London money market \$45,515,832, of which over twenty-eight millions were in the years 1852, 1853, and 1854, nearly fifteen millions being for the Grand Trunk, which was at the same time forcing off its own bonds. In addition, our Relief Act of 1856 enabled the company to duplicate our fifteen millions, with fifteen millions more of its own. Messrs. Glyn & Co. write to the Receiver-General, 16th February, 1855,—“We beg to apprise you that Messrs. Baring and ourselves, feeling it necessary to avoid the chance of a pressure upon the market by any forced sale of the province bonds, have contracted for the first £100,000 of the Ontario, Simcoe, and Huron allotment at 104, less commission, but saving brokerage. It has been essential to take this step, not only from the amount of bonds recently disposed of for other railway companies, but also for those brought to market by the holders of Grand Trunk shares.” Debentures that could now be placed with difficulty “at 104, less commission,” had shortly before been taken from Peto & Co. at 115, their then called “market value.” Some might attribute the decline to a “money pressure”—

\* *Statement of public debt, including Imperial loan, £1,500,000 (\$7,300,000), and debentures issued in each year.*

	Debt existing.	Debentures issued.	Debentures paid off in each year account partly for difference between those issued in each year, and increase of debt.
1852,	\$ 22,355,413	\$ 3,747,463	
1853,	29,923,752	11,004,790	
1854,	38,851,833	8,159,924	
1855,	45,855,217	9,739,390	
1856,	48,757,619	3,060,139	
1857,	52,334,911	4,396,662	

Of \$28,904,104 debentures issued in 1853, 1854, and 1855, \$14,742,633 was for the Grand Trunk.



with the multitude phrases carry the weight of omnipotence. Messrs. Glyn & Co. admit that the forced supply exceeded current demand. Well might there be depression when suddenly between sixty and seventy millions of dollars in bonds, railroad or public, were coming from a province whose whole debt up to that time had been only eighteen millions.

Sir C. P. Roney, in his evidence before the Railway Committee of parliament, in November, 1854, thus specifies the mode through which the provincial guarantee was paid to the railway company, and undoubtedly the prescribed process was carried out with all the farcical gravity of red tape formality.

"When we are aware that works on the sections of the railway entitled to the provincial guarantee have been executed to the extent of £100,000, I write by direction of the board to the secretary of the Board of Works, and enclose a certificate from the engineer-in-chief of the company, stating the amount of work done on each section. I also request that the Board of Works will issue orders to the agents of the province in London, Messrs. Glyn & Baring, to release from their charge as agents, and to hand to the company, the proportion that 40 per cent bears to the amount certified by the chief engineer. The Board of Works instruct their officer to put himself in communication with the chief engineer of the company, and also personally to visit and report upon the works upon which the release is sought. The Railway Commissioners subsequently meet and authorize the Receiver General to instruct the London agents of the province to release such amounts as they, on the report of their officer, may consider proper. The amount under authority of such order is then handed over to the company, and is lodged to its credit at its bankers in London."

This Board of Railway Commissioners, composed of the Receiver General, the Finance Minister, the Postmaster General, and the Commissioner of Public Works, was virtually a sub-committee of the Executive Council, which could first resolve itself into a Railway Board to make a recommendation, and then, at the same table, re-resolve itself into an Executive Council, to adopt a minute of approval. The balance due to the St. Lawrence and Atlantic road, £67,500, was "released" in November, 1854; the £250,000 to the Quebec and Richmond in October, 1853, and August, 1854. "Releases" to the Grand Trunk proper began in March, 1854, and continued till May, 1855, at a computation of 40 per cent upon the expenditure, when the sum received by the company amounted to £1,155,640, as appeared from the ledger of the Receiver General, while his correspondence indicated a quite different exposition.

*(Extract from letter of the Receiver General to Messrs. Baring & Co., 4th August, 1854.)*

"I have the honor to advise that it has been decided to place without delay in your hands and Messrs. Glynn's, the balance of the bonds to which the Grand Trunk Railway will be entitled, as referred to fully in a communication from this department of the 15th October last."

*(Extract from Baring & Co.'s reply, 25th August, 1854.)*

"We understand that, in conformity with the agreement with the Hon. F. Hincks, when here, the entire proceeds of the £900,000 to be transmitted to Messrs. Glyn, Mills & Co. and ourselves, for the Grand Trunk of Canada Railway Company, are to be held at the disposal of that company, without any reserve on the part of the government, and we shall act accordingly in that sense, unless advised to the contrary by you."

*(Extract from letter of Glyn, Mills & Co., same date.)*

"We pay attention to your remark respecting the bonds remitted for the Grand Trunk Company, and the advice of the speedy transmission of the remaining portion, to

complete the amount of £900,000. We hope the future advices from you will allow the proceeds of the securities, as realized, to be applied to the general purposes and requirements of the contractors, according to the view adopted at the conference in May last with Lord Elgin and Mr. Hincks, and not only in conformity with existing regulations or to the proportions of payments on the A series."

(Extract from Mr. Receiver General's letter to Messrs. Baring & Co., 9th Sept., 1854.)

"With regard to the latter clause of your communication of 28th ultimo, with every possible desire to facilitate the operations of the Grand Trunk Company, I regret it is not more in my power to deviate from the instructions and course laid down by the Executive, contained in Order of Council of 29th and 30th September, 1853, a copy of which was transmitted both to you and Messrs. Glyn & Co., for your respective guidance."

It is not difficult to imagine that, while in obedience to forms, the two firms—as our "financial agents"—kept a correct "tally" of debentures corresponding with the instructions of the Receiver General, they often, as "bankers" to the other party, "according to the views adopted by Lord Elgin and Mr. Hincks," allowed "the proceeds of the securities realized to be applied to the general purposes and requirements of the contractors." This was evidenced when, after a long correspondence about a final release on the debentures, Mr. Baring wrote to Mr. Inspector General Cayley: "Messrs. Glyn & Co. shall receive immediately the release, as *financial agents*, of the £66,000 remaining of the £900,000, and which we had loaned, in anticipation, to the company." Railway necessities may have covered a multitude of irregularities. In July, 1857, Mr. Baring wrote: "It has been a matter of life or death to the company, and, though these releases do not relieve it from great financial difficulties ahead, they enable it to live a little longer, and look about for the future ways and means."

The Act 18 Vic., Cap. 33, passed in December 1854, confirmed many articles of the amalgamation agreement, shortens the title to "The Grand Trunk Railway of Canada," empowers the company to increase its capital, and cunningly prepares the way for another grant of aid by enacting that the engineers' certificate for expenditure to entitle the company to an advance of 40 per cent, shall not be confined to special works, as heretofore, but may apply to other outlay of the company, the provincial lien being extended over the whole undertaking generally. Mr. Hincks stated before the Railway Committee of 1855, that he had learned, when in London, that the maintenance of our provincial credit was consequent upon fixing a limit to railway guarantees. It was, therefore, declared that no debentures beyond the £2,211,500 established for the Grand Trunk, saving what might be claimed by the Great Western and Northern, should thereafter be granted to any railway whatever, except those on the direct line from Trois Pistoles to Sarnia. All were cut off, except the Grand Trunk, by this clause:

"Provided also that no provincial bonds shall be issued in favor of the said company on account of any expenditure on the line of railway between Point Levi and Richmond, or between Montreal and Portland, beyond the amounts already issued on account of those roads, that is to say, seven hundred and seventeen thousand five hundred pounds; nor shall any provincial bonds be issued on account of expenditure on any branch railway to be hereafter constructed, or on account of expenditure on any line of railway now amalgamated or which may hereafter be amalgamated with the Grand Trunk Railway of Canada, EXCEPTING those forming the direct line from Trois Pistoles to Sarnia; neither shall any larger amount than one hundred thousand pounds sterling of provincial bonds be issued on account of expenditure on the Victoria Bridge."

The seed thus cautiously sown, produced early fruit. In the same session, on the 19th May, 1855, was passed the Act, 18 Vic., Cap. 174, to grant "*Additional aid, by loan to the Grand Trunk Railway of Canada,*" not at the rate of 50 per cent when the road was half completed, or 40 per cent, as heretofore, but at the rate of 75 per cent on all expenditure after the first day of May, as fast as the certificates could be produced. Between the months of August and October following, the vaults of the financial agents received a further consignment, in the debentures authorized by this Act—£1000,000 sterling.

Upon what ground could this advance be asked, or upon what pretence could it be granted? The company, in spending our money, was doing no more than we could have done for ourselves. They were opening no country by a Grand Trunk through the wilderness, but constructing a mostly along shore road. They had provided by their contract and proved by their prospectus that our first grant was sufficient, and now, in a year from their first progress estimate, they require an increase of fifty per cent. The contractors had covenanted to procure shareholders or assume the stock themselves. They and their associates, in their greed for premium, withheld the shares when they might have been distributed, and refused to assume them according to contract, when a knowledge of the company's extravagances had run them down. We had more than fulfilled our part of the engagement by advancing the whole debenture aid long before it could rightfully be claimed; and now, after spending our money, they failed and broke down on their engagement. If rich men, as pretended, law, compulsory as against any of our own people, should have compelled performance. Their default left the company deficient in about a million of pounds, and our parliament loaded Canada with this difference. Members in parliament, who can wrangle for a week over a militia appointment, have not always time for large questions.

June in the next year witnessed another extraordinary Grand Trunk and parliamentary spectacle. The £2,711,500, of which only £232,720 remained, had proved insufficient to accomplish that for which £1,811,500 had been accepted as abundant. The advance, which was to have been at the rate of 40 per cent on expenditures, or £3000 per mile, now exceeded 50 per cent, and £5000 per mile. Yet the road was far from completion; 81 miles from Stratford to Sarnia, and 78 miles from St. Thomas to River du Loup, (not mentioning the further extension to Trois Pistoles,) were not made, and nearly a million sterling was required for the construction of these 159 miles.\*

\* *Date of opening the various lines.*

Longueuil to Portland.....	292 miles,	July, 1853.
Quebec to Richmond.....	96 "	27th Nov., 1854.
Montreal to Brockville.....	125 "	19th Nov., 1855.
Brockville to Toronto.....	208 "	27th Oct., 1856.
Chaudiere Junction to St. Thomas.....	40 "	3rd Dec., 1855.
Toronto to Stratford.....	83 "	17th Nov., 1856.
Stratford to St. Mary's.....	11 "	27th Sept. 1858.
St. Mary's to London.....	21 "	do. do.
St. Mary's to Sarnia.....	70 "	21st Nov., 1859.
Port Huron to Detroit Junction.....	59 "	do. do.
Victoria Bridge to Charon.....	6 "	19th Dec., 1859.
St. Thomas to St. Paschal.....	53 "	26th Dec., "
St. Paschal to River du Loup.....	25 "	2nd July, 1860.
Kington Branch.....	2 "	Nov., "

1096 miles.

Forms enough had been observed in the releases, but the Act required that public money should only be paid upon the certificate of an engineer, appointed by the Governor, that the amount on which it was claimed had been actually expended, "with due regard to economy." How could there be "economy" where money was thus lavished? Had the spirit, and not the mere form of law, been consulted, all the public money would not have disappeared before the roads named in the contracts were two-thirds completed.

A robbery of the public chest usually exacts the admission of many copartners to share the spoils. The Grand Trunk combined them easily in 1856. The company wanted £800,000 to complete the Victoria Bridge; the Western people wanted £450,000, to be expended west of St. Mary's; the Eastern people wanted £525,000, to be expended east of St. Thomas; the Three River people wanted £125,000 for a road to Arthabaska; and three short lines in Upper Canada, called "subsidiary," wanted £100,000 between them. With such allies the Grand Trunk carried easily the Relief Act (19 and 20 Vic., Cap. 111), which authorized the company to issue preferential bonds to the extent of £2,000,000 sterling, having priority over the existing first lien of the province, thus changing its position to that extent, from first mortgagee to second mortgagee. The bonds were, as usual, to be lodged with the financial agents, and released upon the three principal works as they progressed, and with each release an equal percentage on the two smaller allotments was to be placed to the credit of the Receiver General, making the province a trustee for its correct appropriation till called for, 6 per cent interest being allowed for the Arthabaska line portion while detained.\* By the second section of the Act, the Province consented to pay for five years the interest on all debentures before issued in favour of the company, to be repaid on share capital of the undertaking.

Here let it be remarked, there was another windfall for Messrs. Barings and Glyn—£2,000,000 sterling, one-third more than Clive found in the treasury of Surajah Dowlah at Moorshedabad; or near ten millions of dollars passed on paper, to remain in their hands, as financial agents of the Province, until they turned it over to themselves, as bankers of

\* "The said company shall be authorized to issue preferential bonds to the extent of two million pounds sterling. The holders of such bonds to have priority of claim therefor over the present first lien of the province.

"Such issue shall not take place until the railway of the said company from St. Thomas in Lower Canada, to Stratford in Upper Canada, shall have been finished and in operation.

"The proceeds of the said bonds shall be deposited with the provincial agents in London, and released to the company on the certificates of the Receiver General, upon proof to the satisfaction of the Governor in Council, of progress of the several works hereinafter mentioned.

"The said proceeds shall be appropriated to the aid or construction of the following works, and apportioned as hereinafter stated, and released to the company as the said works are severally proceeded with:

The railway from St. Marys to London and Sarnia.....	£450,000
The railway from St. Thomas, Lower Canada, to Rivière du Loup.....	525,000
Victoria Bridge.....	800,000
Three Rivers and Arthabaska.....	125,000
To enable the said company to assist the Port Hope, and Cobourg and Prescott Railways as subsidiary lines.....	100,000
	£2,000,000

"II. Provided that the proceeds of the said preferential bonds, to the amount aforesaid, be deposited with the provincial agents, the interest accruing on the provincial debentures issued to the company shall, during the period of five years (being the time necessary for the completion of the works and for the development of the through traffic), be advanced by the province, and such advances, as they are made, shall be repaid to the province in share capital of the company, and the lien of the province, subject to the preceding conditions, shall rank, as to dividend or interest, with that of the company's bondholders."

the Grand Trunk Railway. Their charge for keeping the Grand Trunk account is a private matter, but the commission of 1 per cent on sale of £5,111,500 sterling on Grand Trunk debentures placed in their hands to this time would alone reach about \$250,000, and they derive an annual income of about \$15,000 for paying the interest. The world is beginning to suspect that the greatest "capitalist" is he who gets the handling of the most of other people's money.

Whatever may be said of the uselessness of annual meetings of parliament, they are convenient to a corporation having one to do its bidding. An ugly clause in the Act of 1856, requiring evidence of work done before it was paid for, demanded an amendment, provided for by the 5th clause of the Act of 1857 (20th Vic., Cap. 11), permitting the company to receive the proceeds of the preferential bonds, as paid in, without regard to work :

"The said company are hereby authorized to receive from the Receiver General of the province, and expend upon and for the several works and purposes mentioned in the Act last cited, the proceeds of the preferential bonds therein mentioned, as such proceeds are paid in, provided the sum so expended upon each work bears the same proportion to the total sum allotted to it as the sums paid in bear to the whole amount authorized to be raised by the said Act, and that each of the several works mentioned in the said last cited Act shall be proceeded with simultaneously and in the same proportion."

Government directors were discontinued by this Act, and the Board of Audit was empowered to investigate the company's affairs. In a memorial of the directors, requesting the passing of the Act, they require "such an extension of the term during which the province will undertake the payment of interest upon its bonds as will be equivalent to a relinquishment of the claim." This was in part granted, by placing the payment of interest by the company after so many prior claims, that it could never be reached.

An offer of the directors, as compensation for the boon asked, was overlooked in framing the bill. Possibly the government distrusted presents from the Greeks—*Timco Danaos et dona ferentes*—or they may have reflected on the dilemma of winning an elephant, or more probably the idea got buried on some "wordy" day in the "chaff" of ministerial explanations. Here is the proposal :—

"And the company would further engage, in the event of the railway being undertaken to Halifax, to make over to the province the line eastward from Richmond to Rivière du Loup, on account of the provincial aid, to be relinquished or postponed, should the province desire to regard this line as forming its contribution to the interprovincial railway, in any future negotiations with the Imperial Government and the Lower Provinces."

The Act of 1858 (22 Vic., Cap. 22) was a continuation of the two last; providing—first, that the company might issue preferential bonds, which shall be deemed preferential within the meaning of these two acts of 1856 and 1857. This was considered to be a relinquishment of priority on the balance of the provincial lien, £1,111,500 stg.; and a special meeting of stockholders, held at Toronto, 23rd March, 1859, decided that second preference debentures should be issued for the amount, at 20 years' date and 6 per cent interest—to rank immediately after the £2,000,000 first preference. The effect of this was to make the province second mortgagee instead of first mortgagee, for £3,111,500 stg., and we could rank as such should the road be brought to sale, unless some other parliament be won over to give away our claim. The charge of interest was permanently fixed upon us by the 5th section, which thus devotes the earnings of the road, after paying working expenses and the claims of the St. Lawrence and Atlantic railway :

"First, in and towards payment of the interest upon the amount, which, for the time being, shall have been raised by the issue of preferential bonds, as herein mentioned: secondly, in and towards payment of the interest upon the loan capital of the company, for the time being raised and subsisting upon, and in respect of the several classes of bonds and debentures hereinbefore mentioned, other than the said preferential bonds; and thirdly, in and towards payment of a dividend at the rate of six per cent. per annum on the stock and shares of the company; and after payment of such dividend, then, in or towards the payment of the interest on the provincial debentures issued in aid of the company from time to time, to the extent of three millions one hundred and eleven thousand five hundred pounds sterling in all; and after payment of such interest, the surplus, if any, shall be applied in favor of a further dividend upon the stock and shares of the said company."

The subsidiary line and Arthabaska road account, arising out of the relief act of 1856 has caused much investigation and discussion, but amounts to very little in the end—if \$130,000 may be called "little." In accordance with the rule before mentioned, the following releases of preferential debenture proceeds were made regularly and in order, the Grand Trunk drawing its proportion, while the others were placed to the credit of the Receiver General, in the books of the financial agents.

	Released to Grand Trunk.		To Three Rivers and Arthabaska.		To Subsidiary Line.	
1857.						
Sept. 11.....	£133,125 0 0	0.....	£ 9,375 0 0	0.....	£ 7,500 0 0	0 0
Nov. 27.....	207,937 10 0	0.....	14,062 10 0	0.....	11,250 0 0	0 0
1858.						
Feb. 26.....	346,462 8 0	0.....	29,444 8 11	0.....	23,555 11 1	0 0
June 11.....	446,750 0 0	0.....	31,250 0 0	0.....	25,000 0 0	0 0
	<hr/>		<hr/>		<hr/>	
	£1,134,274 18 0	0 stg.	£84,131 18 11	11 stg.	£67,305 11 1	1 stg.

This placed to the credit of the Trust Fund £151,437 10 stg., or \$736,995.34, and, without waiting for their whole release, the subsidiary lines were paid their £100,000 stg., (\$496,666.67), leaving \$250,329.19 in the books of the province, applicable to the Three Rivers and Arthabaska road. On the 16th June, Mr. Ross, Receiver General authorized a release of £500,000, without noting a reserve of £56,250 for the above account; nor was the omission rectified when attention was called to it by the financial agents. An Order in Council, 29th January, 1859, releases the balance of this money, £214,217 12s., "subject to the condition that the company shall give satisfactory security to the government that the Arthabaska appropriation shall be duly applied towards the construction of that branch line."

The amount for which security was required before passing into the hands of the Grand Trunk Company was £73,562 10s. 10d. (\$358,004 17). Mr. Receiver General Sherwood, writing on the 24th January to Baring & Co., with copy of this Order in Council, says,—“I beg to advise you of authority for a further release to the Grand Trunk Railway Company, in conjunction with Messrs. Glyn, Mills & Co., say an equal proportion of the balance of the preferential stock, under the Relief Acts, for £2,000,000 sterling, in the hands of the fiscal agents of the province, as the intervening parties.”

Mr. Sherwood is neither elegant nor perspicuous as a letter-writer, and he omits mention of security to be taken. Barings & Co., who, like Glyn & Co., were always impatient for



"authority" of this nature, which came like an act of indemnity to discharge the responsibility they incurred personally in advancing to Grand Trunk urgencies before the time, replied, on the 11th February following,—“We beg to acknowledge receipt of your letter of the 24th January, handing us copy of an Order in Council, by which the further sum of £214,287, 12s. out of the preferential capital is released to the Grand Trunk Railway Company of Canada. Thus the whole £2,000,000 authorized to be issued under the Relief Act has now been put at the disposal of the company.”

With the quiet equanimity of mind common to men who control millions without accountability, no “no minister” gave further thought to this lapse between the Receiver General and the fiscal agents till nearly two years afterwards, when Mr. Galt, apparently cornered for funds, on the 4th December 1860, ventured on a “fling,” in a letter to the agents jointly, advising of a charge made against them, on account of the Arthabaska line, for forty thousand pounds to meet Grand Trunk shortcomings. He innocently inquires how the fund stands, and strictly forbids further payments to the Grand Trunk from it.\* The agents, in their reply, 27th December, regretted they were “unable to confirm these entries.” They have “no funds, assets or securities applicable to that line,” the whole having, as duly notified, been paid over to the Grand Trunk upon Mr. Sherwood’s letter of the preceding year. Referring to the accompanying Order in Council, which declares the release is made “subject to the condition, that the company shall give satisfactory security to the government that the Arthabaska appropriation shall be duly applied toward the construction of that branch line,” they correctly infer that obtaining the security was an affair of the government, and not of the agents. Thus the province, for the time, lost, and the Grand Trunk pocketed, over three hundred and fifty thousand dollars, because Mr. Sherwood did not know how to write a business letter, and such is the beauty of our departmental system, nobody knew of it for nearly two years.

Government was responsible to the Three Rivers and Arthabaska line for £125,000 stg., or \$608,333.33. The Receiver General had in hand \$250,329.17, and the balance, \$358,004.16, had been smuggled by the Grand Trunk. The company contracted with the

• OFFICE OF THE MINISTER OF FINANCE,  
QUEBEC, 4th Dec., 1860.

Messrs. BARING, BROS. & Co.,  
Messrs. GLYN, MILLS & Co., London,

GENTLEMEN,—The Grand Trunk Railway Company have informed the government, that owing to their discredit, they are unable to negotiate their bills upon London, and consequently prevented making payments due on the Arthabaska subsidiary line, the moneys for which, under the Relief Act, are presumed to be available for the purpose in England.

The company has therefore applied for certain advances here on account of moneys supposed to be in your hands, under instructions from the Receiver General.

Advances to the amount of about forty thousand pounds sterling have thus from time to time been made to the company here, to be covered from the funds and securities held by the financial agents under the Relief Act.

I shall be glad to be informed at your convenience of the position of the fund, and of the amount remaining in your hands; meantime, the Receiver General will charge our advances one-half to each of your firms.

You will, of course, not make any payment or transfer to the Grand Trunk Company in England from this fund until you have ascertained that all the advances made here are covered.

I have the honor to be, gentlemen,  
Your faithful servant,

(Signed)

A. T. GALT,  
Minister of Finance.

[Remarks.—Mr. Galt deserves well of his country for this letter. It is a masterly specimen of diplomacy, and an able attempt to remedy past stupidity by entrapping the agents into an admission of responsibility. They were not to be caught.]

Hon. Mr. Turcotte to build the road, 36½ miles, at £6,000 stg. per mile, or \$1,038,000, and paid him in their way,—that is, partly in promissory notes, that were paid, and part that were *not* \$187,739. Government, by a twist of book-keeping, assuming this to be nearly the amount overdrawn from the London agents, and not caring to trust the Grand Trunk, paid direct to Mr. Turcotte, at various times, \$420,590. These two sums make up the £125,000 stg., and, if undisturbed, release government from its responsibility as trustee for the line, at a cost to the province, when interest is adjusted, of about \$130,000.\*

In the year 1858, an independent "feeder" was projected for the Grand Trunk, called the "Chicago and Detroit Junction," to run 60 miles, from Port Hudson, opposite the company's terminus at Sarnia, to Detroit. The London directors of the Grand Trunk were its directors, and Mr. Blackwell, vice-president of the former, was president of the latter. The line, when completed, in October, 1860, at a cost of \$2,190,000, was leased to the Grand Trunk company for 999 years, at a rent equivalent to 8 per cent. on this capital. Mr. Baring said of the line, at a London meeting, 30th March, 1860: "This is a line which on an estimate will pay itself, if disconnected and severed from the Grand Trunk. Those who are at present interested in the branch undertaking are not desirous of abandoning their own interest, because they believe it to be a good line." Mr. Shanly reported quite the contrary. The road ran through a non-paying district; the rent was \$53 per mile per week; the working expenses \$40; and the receipts only \$28. Worse still—the through freight that it brought to the main line at this loss, could only be carried further at a further loss.

Two years having passed without Grand Trunk legislation, the London directors, in 1860, thought the company entitled to a nice little extra session of their own, and directed their superintending commissioner, Mr. Watkin, to communicate their modest request to the Governor; the only act "ordered" on this occasion being one for capitalising the provincial postage subsidy, upon an estimate of £1,500,000, being somewhere between \$350,000 and \$750,000 a year, instead of \$60,000, as we were then paying.† A meeting of our parliament is neither edifying nor economic, and until the good old rule of gentlemen settling their little differences "out of doors" is revived, prone to be recriminating and windy. Mr. Galt, shuddering at the idea of such a visitation, recommended "that the London directors of the Grand Trunk company be informed that His Excellency does not at present consider that a special session of parliament should be convened."

\* The road, though nearly completed three years ago, has, through these complications, been never opened. There has been public agitation, parliamentary enquiry, reports, investigations, and correspondence, all because one man wrote a stupid letter in the year of grace 1859. Had that letter merely contained these words: "You will, out of the balance here released, please place £73,562 10s. to the credit of the Receiver General, for the Arthabaska line," this difficulty would have never occurred, and the people of that interesting village would long ago have received their tommy-cods fresh by rail from the river; but of such "transactions" are public affairs made up. While the people toil and earn, their rulers must spend and waste. Were government conducted on "business principles," our huge machinery of parliament and "departments," costing so much, would have little work.

† One plan was the payment by bonds of £1,500,000 in advance, for 25 years mail service, the bonds payable at maturity, and the interest annually by the province.

Bonds at 25 years, payable by the province.....	£1,500,000
25 years interest on do., " " .....	2,250,000

£3,750,000 stg.

Equal to \$18,750,000, which, divided over 25 years, makes \$750,000 annually.



Canada is strong in legislative power. We have a parliamentary mill, so massive in staff and costliness, that it might be "run" to do the legislative work of "Denmark and the Duchies" in addition to our own. Our Executive Council is a little parliament of itself, and may legislate so much, that many think it would alone be a sufficient infliction for one province; and then we have individual ministers who are law themselves, if they do not find one ready-made to suit them. The Grand Trunk company used all.

There was solace in parliament while debentures were to be had. The exhaustion of these made the company's chronic "financial pressure" like the change of rheumatism to gout—one more turn of the screw. The public chest, attacked through ministers and council, promised relief, and regular siege was for a few years maintained.

So early as 1856, the "eminent capitalists" were reduced to ask a loan of £25,000, "to meet their engagements on this side of the Atlantic;" and another of £12,500, "to meet interest due in the cities of New York and Boston, on a portion of the bonds of the St. Lawrence and Atlantic railway." In 1857, there were loans of \$400,000, \$240,000, and \$108,000, which were not paid when due, but shuffled over from term to term, till finally settled—without interest.

There are a great many versions about the Grand Trunk bill of £100,000 stg., bought by government in 1859 from the Bank of Upper Canada, but the inferences are that it was a strait loan of \$486,666 to the company, upon their bill on Glyn, Mills & Co., which they were expected to accept in anticipation of the sale of second preference bonds. At all events the Grand Trunk got the money and kept it. The bill, after being refused by Glyn, was redrawn by the bank on the company, in London, to be renewed several times, till, falling back unpaid upon the province, it was charged to "special account," where it remained unfathered, without interest, till included by the recent statement in the debt of the Bank of Upper Canada, to be paid some time within twelve years after date—if the bank is able. The interest already lost is \$146,000—nobody is to pay it. On the 10th and 16th July, 1860, the secretary of the company begged of Mr. Galt, then in London, two loans, on the following representations. It appears strange to see the great company—in the world's banking house, in the very den of the "capitalists"—distressed for such trifles.

"I am instructed by the directors of this company to request that you will authorize the financial agents of the province to advance a sum of about £35,000, to meet an urgent liability of this company, and which this company engages to repay out of the sums due and to become due by the government to the company, for postal services, unless this loan is previously reimbursed to the provincial agents out of other resources."

"On the part of the directors of this company, I am desired to represent to you the very great importance of a further small loan, say of £15,000, for a short time, pending other arrangements, with which the company may be enabled to meet several trifling but pressing payments; and I am therefore desired by the London Board to ask if, under these circumstances, you would authorize the agents of the province to make this further advance on the security of the moneys due or coming due to this company for postal services?"

These are the loans which led to sharp language between our Finance Minister and Mr. Watkin last summer. During the storms of February 1861 the company was again in the agonies of dissolution.

*Extract from Minutes of Board Meeting on 15th February, 1861.*

RESOLVED,—That in consequence of the stoppage of the line from snow storms, the receipts during the last few weeks have been insufficient to meet the working expenses, and that the company is now in arrear for wages to the extent of one hundred and twenty

thousand dollars and upwards, which, unless paid without delay, will involve the immediate closing of the road, and that to avoid such a calamity the government be applied to for an advance of one hundred and twenty thousand dollars, to aid in payment of said wages, the same to be repaid out of the receipts of the line.

By order.

(Signed)

JOSEPH ELLIOTT,  
Secretary and Treasurer.

An immediate advance of the required \$120,000 averted the "calamity," but whatever may have been "the receipts of the line," only \$1000 has been repaid to this day. £245,000 sterling of provincial money, in the hands of the financial agents in London, was, by authority of Mr. Galt, loaned to the company in 1860. There was delay, default, and correspondence, but all was paid in the end. In 1858 the Receiver General authorized another loan of £300,000 from the preferential bond money, which was repaid out of the releases. Our accommodating Executive Council consented, in August 1859, to exchange valuable securities to the amount of £283,400, 11s. 10d., belonging to the Indian fund, with the Grand Trunk for bonds of the company; but somebody interfered for the "poor Indian," and the order was cancelled. Mr. John Ross, a member of the Canadian ministry, caused the financial agents to loan the company half a million of pounds sterling in provincial debentures, which appear to have been sold for its necessities, and rebought in 1860 to be returned.

The whole amount of aid thus irregularly advanced, either by a single minister or by Orders in Council, exceeds four million of dollars, leaving as result a balance of indebtedness against the company of about \$300,000. The Bank of Upper Canada has also been freely used—government assisting.

None but the stupid pretend to understand the printed statements made for market by joint-stock companies, for their accountants are able strategists, who either array figures, like mercenaries of old, on the best paying side, or in accordance with the more honorable rules of modern warfare, always place them like soldiers, in position, to defend the weakest points, as determined by the peculiar exigencies of the immediate campaign. It is, therefore, fortunate for the present inquiry that, in the year 1861, Messrs. Langton and Grant, commissioners appointed by the government, investigated the affairs of the Grand Trunk Company very thoroughly. Their report, based upon the most authentic evidence, is both voluminous and luminous. To its use, as authority for the statements which follow, no exception can be taken. It dates only three years back. The figures have improved little since; they were bad enough then.

The "capital" of the company is stated at \$70,000,000 (see Appendix B) by the commissioners, and another statement shows the actual cost of the road, \$55,293,283. By the original prospectus, £9,500,000 sterling, or \$46,233,332, was declared abundantly sufficient to complete the whole, and 85 miles contracted for at \$3,309,332 have never been commenced. Here is, at once, an excess in cost of \$12,369,283, the contractors were paid for more than the amount of their contracts, and the commissioners found other entries amounting to \$2,491,092 for engineers, permanent way, and stations, on roads that were by contract to be delivered perfect, without further charge. The augmentation of capital is of easier solution; various losses and miscellaneous disbursements charged to "capital," came to be imputed to the cost of the undertaking. As examples of systematic deception, take the following:

Explosion of steamboat at Longueuil.....	\$ 51,020
Collision on the Portland division.....	38,103
Deficiency on fuel, and supplies discovered in 1858.....	419,304
Contingencies of offices .....	55,612
General expenses (Canada), salaries, &c.....	291,043
Do. office in London.....	61,929
Running expenses chargeable to revenue.....	179,630
Lease of Portland road from the beginning.....	2,248,766
	<hr/>
	\$ 3,345,407

The Grand Trunk kept, apparently, no profit and loss account; all was profit; open accounts like these were closed by "capital." Every steamboat blown up—every train smashed—every waste or foolish expenditure, only added to its riches. At this progression the company would be a rather wealthy corporation at the end of the present century. The Longueuil explosion, before being carried to "capital," was, in the first instance, appropriately charged to "extra works."

The commissioners also found that the "revenue" account was made equally pleasant with the "capital." By an ingenious process both were helped. The profits of the road were increased by omitting to deduct various items of expense, and the wealth of the company was increased by charging such expenses to capital. "Revenue" was further improved by adding to the profits a credit for the carriage of the company's gravel, fuel, stores, and rails, the same as for freight carried for the public, and the chairman of the London meeting, amid "hear, hears," could felicitate the shareholders on their profits thus, as appeared by the company's accounts rendered:

Gross receipts from 1st Jan., 1858, to 30th June, 1860...	\$6,255,142	00
Expenditure same period.....	5,655,801	00
	<hr/>	
Surplus earnings.....	\$599,341	00
It is painful to disturb small balances, but the subject admits of another reading:		
Expenditure from 1st Jan., 1858, to 30th June, 1860...	\$5,655,801	
Add balance of current charges carried to capital.....	434,396	
	<hr/>	\$6,090,197
Gross receipts for same period.....	\$6,255,141	
Less carriage of gravel, fuel, &c.....	181,376	
	<hr/>	6,073,765
	<hr/>	
Loss on working road.....	\$16,432	

In the company's books the accounts of revenue, rents, and interest were kept apart, to go on accumulating forever. Brought together, by the commissioners, we have this exhibition:

Interest paid to Jan., 1858.....	\$3,544,636
Lease of Atlantic road.....	1,354,084
	<hr/>
	\$4,898,720
Balance to credit of revenue account.....	861,338
	<hr/>
	\$4,037,382

Interest paid 1st Jan., 1858, to 30th June, 1860.....	\$5,586,804	
Do. in arrear.....	531,683	
Rent of Atlantic road .....	804,682	
Do. Detroit road.....	81,721	
Balance against revenue account.....	16,432	
		<u>7,111,322</u>
		\$11,148,704
Add to this, charges omitted for discounts and disbursements .....	2,072,235	
		<u>\$13,220,939</u>

With this loss, shown by the commissioners, averaging some two millions of dollars a year, on revenue, of expenses over profit—and money expended for necessaries or extravagances without end, one may easily understand how a road, at seven years from its commencement, which should have cost about forty millions of dollars, came to be computed at seventy millions.

Modern manipulators of the Arabic numerals—high officials among them—are constantly exercised about how certain “items” of account should be “treated.” By the “good old rule—the simple plan,” this anxiety was avoided. “Items” were placed strait either to the debit side or to the credit side where they belonged, and the difference between the sums total was the plus or minus over or under in the affairs stated. A plain exhibition in 1860 would have been something like this:—

Liabilities (exclusive of capital), debts due.....	\$57,229,677
Capitalization of leases and land, on which interest is paid.....	8,420,252
	<u>\$65,649,939</u>
Cost of road (new),* including from Portland to Island Pond, and the Detroit roads, which did not belong to them.....	43,000,000
	<u>\$22,649,939</u>

That is, if the shareholders had sacrificed all their paid up capital, and given the road to their creditors at its value, with their leased roads, Portland and Detroit thrown in gratis, they would still have remained in debt for over twenty millions of dollars.

* Cost of Grand Trunk roads by contract, &c. ....	\$46,233,332
Less 85 miles not made.....	\$3,309,332
Deduct prices overpaid by contract.....	7,000,000
	<u>10,309,332</u>
	35,924,000
Cost of Portland road.....	4,700,000
“ Port Huron and Detroit.....	2,100,000
	<u>\$42,814,000</u>

Against much to add for London branch, 21 miles, additional plant, &c., there was much to deduct for deterioration; out of 212 locomotives, 57, unfit for service, were awaiting repairs or reconstruction; any number of freight and passenger cars were in the same condition; the rails, bad originally, and much worn, required replacing—at a cost of millions of dollars!

Much of the loss of the Grand Trunk has arisen from overgrasping, and spasmodic efforts to improve the receipts at all hazards for effect in London. The leases of the Portland and of the Detroit roads have proved bloodsuckers. The traffic so confidently promised on the completion of the Victoria Bridge had to be *bought* at any sacrifice. Through freight (deducting expenses) was carried to Portland and beyond at a dead loss. Cotton, taken as a "sensation article," got burned. The charter of mail line and other steamers proved a ruinous experiment. Even at the Sarnia hotel, like many a boniface at an humbler bar, they proved their own best customers.\*

The first thorough shock of a paralysis that must end in the final crisis of dissolution overtook the company in 1860, when a systematic fraudulent concealment of financial affairs, that had so far deceived the public, could deceive and bolster up no longer. Its own exhibit of merely \$1,472,000 for the aggregate net earnings of seven years, was shown to be fallacious, while its annual obligations of more than \$3,000,000 for rent and interest, apart from running expenses, was shown to be real. About twenty-five millions of dollars were required to pay off matured liabilities, and put the road in order for five years' service. Application to our government for "further measures of relief," to sink public money in the bottomless pit of wasteful mismanagement, had failed. The concern was hopelessly insolvent; overwhelmed by a floating debt, and met at every moment by discredit and litigation; creditors on all sides ready to commence suits; non-payment of rent on the Portland road involving a resumption of that road by the owners, with all the Grand Trunk's sunk capital upon it; wages had ran in arrear, threatening a complete disorganization of the staff; Baring, Bros. & Co. and Glyn, Mills & Co., as preservation against the wasteful proceedings of cormorants generally, had obtained a judgment on the rolling stock; and the preference bondholders had established in our courts their prior rights to roadway and all appurtenances. All parties hoped to gain by forbearance and agreement, and, taking cunning advantage of these perplexities, the stockholders and high officials obtained the Act of 1862, which gave no five millions of dollars required to make the road safe for traffic, but purchased temporary peace at the small cost of empty promises, that defer for a short time the inevitable corporate decease.

This last Grand Trunk Railway Act (25 Vic., Cap. 56) is a burial service over the past, and a new charter, which, by annihilating a part, and postponing the remainder of the company's liabilities, and shielding its property against all process of law, thus proposes to give it one more run for existence:

1. All moneys received from the province or imperial government for postal service or transport of troops and military stores, are appropriated solely to payment of creditors other than bondholders or mortgagees.

2. Such creditors shall be paid by the issue of bonds, secured on the foregoing receipts, upon which the principal and interest shall be a first charge.

3. The company may, to provide rolling stock and other requisites of traffic, issue equipment mortgage bonds to amount of £500,000 stg., which shall rank as a mortgage on the road and all appurtenances prior to all others.

\* This hotel, fitted up (exclusive of the public refreshment room) luxuriously, for the superior officers of the company who might be called there, cost, in 1860:—

For wages.....	\$1,262.37
" furniture.....	5,247.66
" wines, &c.....	5,693.34

Against which, the total receipts were \$3,613.73.

\$12,203.37

4. The holders of first and second preferential bonds may, at any time within five years, exchange the same at par for first and second preference stock which the company are authorized to create.

5. The aggregate of company's 7 per cent bonds, due in 1862, to be converted into preference stock of the company, called "third preference stock."

6. The aggregate of all other bonds created previous to 1861, to be converted into a perpetual stock, to be called "fourth preference stock."

7. The interest on first and second preferential bonds shall be five per cent. for ten years, from 31st December, 1861. If converted into stock, the interest shall be five per cent dividends for ten years, and six per cent thereafter in perpetuity. The third preference stock shall be entitled to four per cent dividend for ten years, and five per cent thereafter in perpetuity, with a contingent increase to six per cent.

The fourth preference stock shall be entitled to three per cent dividends for ten years, and five per cent thereafter in perpetuity, with a contingent increase to six per cent.

8. From the passing of this Act all rights of action in respect to all bonds of the company, other than the first and second preferential, shall cease and be extinguished, and no proceeding upon such bond or judgment founded thereon shall be available against any property of the company.

9. All arrears of interest may be capitalised and converted into stock.

10. The earnings of the company, after payment of interest on land, leased lines, all working expenses of the road, and a few small charges, shall be applied in following order: 1st.—payment of interest on mortgage equipment bonds; 2nd.—interest on first preference bonds or stock; 3.—interest on second preference bonds or stock; 4.—interest on third preference bonds or stock; 5.—interest on fourth preference stock; 6.—three per cent on old stock of the company for ten years, and thereafter five per cent; 7.—one per cent additional interest on third and fourth preference stock; 8.—interest on debentures issued by the Province (£3,111,500); 9.—redemption of the equipment mortgage bonds; 10.—further dividends on the old stock of the company; 11.—if interest on preference bonds or stock remains unpaid during the first ten years, the holder may obtain stock for the same; but no right of action at law shall lie against the company therefor, unless it be sued on any of its leases.

The annual charge on the whole undertaking, previous to the passage of the Act of 1862, basing calculations upon the figures of the report, would be, leaving aside dividend to stockholders and interest on provincial debentures, as follows:

Interest on floating debt, \$13,797,392, (App. F), at 6 per cent.....	\$827,838 12
Do. on debenture debt, (App. G).....	1,971,036 37
Rent of leased lines and interest on land, (App. I).....	549,102 34
	\$3,347,977 83

There is nothing published here to show the exact relief in matter of amount gained by this Act, but upon the mere reading, it would stand thus;

Interest on bonds issued for floating debt, same as above.....		\$827,838 12
Do. on land and rents, do. do. ....		549,102 34
Do. on £500,000 sterling, equipment mortgage bonds.....		146,000 00
Do. on debentures, as above.....	\$1,971,036 37	
Less int. on 6 per cent pref. bonds reduced to 5, \$145,849		
Do. 7 " ordinary " 4, 333,288		
Do. 6 " " " 3, 250,075		
	—————	729,212 00
		—————
		1,241,824 37
		\$2,764,764 83

Subsequent arrangements, especially in changing floating debt into preference stock, reduced these figures so as to make the reduction of annual charge about one million of dollars. The Act stopped the sheriff, but not the interest.

We have heard many dozen times from London of great improvement to be made by conducting the enterprise upon "commercial principles." How convincing is a phrase! A company with a capital of thirteen millions of dollars, owing a debt of sixty million of dollars, (see Appendix H,) reduces its debt to thirty millions, and increases its capital to over forty millions, by admitting creditors into copartnership as preference stockholders, at the same time promising to pay to preferential or privileged parties over two millions annually out of the profits, when, instead of profit, there had been a loss of about one million of dollars annually on the revenue account of the road, apart from other expenditures! If "commercial principles" can change an annual loss of more than two millions of dollars into a profit of over two millions, they may be safely introduced into all joint-stock operations.

There are sound commercial principles, and there are unsound. Freight may be taken from the Western States to Portland or Boston on "commercial principles," which may be at the same time ruinous principles. The American lines from the chief western markets to tide water at Philadelphia, New York, or Boston, are shorter than our line to Portland; they are run on a more favorable parallel of latitude for winter; and they are continually being diminished in length by opening "air lines" from points to points that avoid the first crooks made necessary in running from town to town. We have the evidence of Mr. Shanly that our road from Toronto to Montreal instead of being "better" than the American roads, was so infamously constructed by the "eminent English contractors" as to be positively hilly. The engine that can only tug through a train of fifteen cars from Toronto, can draw easily a train of thirty cars on the New York Central, and on the western roads, which cost under \$20,000 per mile, trains are seen of sixty to eighty cars. Is it sound principle to compete for freight which must be carried for a less price, a greater distance at double cost? Our success in competition for western trade depends upon a highway made by nature, with comparatively small improvements by man—upon the superiority of our summer conveyance by water, and not upon the inferiority of our winter conveyance by rail.

The Grand Trunk Company depends on something more positive than "commercial principles." Having in various ways got in its grasp sixty millions of dollars of borrowed capital, either by free loan or forced, exclusive of over seven millions already paid by the



province for interest, and their Act of 1862, providing that all rights of action and remedies on all bonds except preferential, shall cease and be extinguished, and no proceeding upon such bond, or judgment founded thereon, shall be available against any property or effects of the company, and that no execution shall issue against the company on any judgment recovered or to be recovered, except for mortgages, has the results of the aforesaid sixty millions safely in possession, secured against every legal process, and all its old creditors set at defiance. All classes of them are said to have agreed to this act of bankruptcy before its passage. The condition of the huge charter of absorption is, that the company shall continue annual payments of interest on the millions thus swallowed by conversion into stock. Where is this interest to come from, unless a new commission of piracy against our public chest or public credit is in course of preparation? The undertaking to pay nearly three millions of dollars, in various charges, annually out of the profits of a road that may barely keep alive and pay running expenses, appears propostorous.

Those who have deemed a tear should be shed for the unfortunate Grand Trunk stockholders should be prepared with five tears for its creditors. With an investment of perhaps less than ten millions of dollars,\* these stockholders were in possession of property, on which there had been an expenditure (good or bad) of over seventy millions, in addition to all earnings; and this possession is now protected against all legal proceedings—against the ordinary laws of the land. They are only under a promise to pay interest that they may safely break, like all previous promises. They control over one thousand miles of Canadian railways, to be run with as much irregularity and annoyance to the public as they see fit. They have patronage in the appointment and employment of men by the thousand,† they

\* When the prospectus was issued there had been subscribed

in the old companies.....	£ 683,400.....	\$3,325,850
First issue of Grand Trunk stock, "A" shares.....	1,811,500.....	8,815,964
Wanted of "B" shares to complete amount of present stock.....		1,361,835

Present share capital..... \$13,503,649

Thus, only ten millions of dollars has been subscribed since the prospectus came out. If there has been much change of stock, the thirteen millions may not have cost ten to the present holders, for that would be merely about 25 per cent discount. At last quotations it was at 80 per cent discount.

The present value of the whole stock under the new arrangement may be thus estimated at the prices of last London quotations:

Original share capital, ..\$13,503,649, @ 20.....	\$2,700,729
4th preference stock—say 20,000,000, @ 25.....	5,000,000
3rd " " " " 7,142,035, @ 50.....	3,571,018

\$11,271,747

This is the price at which holders are willing to sell out, but not the price that others would buy in.

† *Report of Inspector of Railways for 1860; published in 1862.*

Number of persons employed on all the railways of Canada:—

At Head offices.....	175.....	On permanent way and work	2,019
Telegraph operators.....	127.....	Engine men.....	250
Station agents.....	308.....	Firemen.....	260
Switchmen.....	242.....	Brakes and Baggage men....	377
Others at stations.....	833.....	Conductors.....	163
Mechanics in repair and machine shops..	1,838.....	For elevators and shipping..	14

Total..... 6,606



have the patronage of purchases and small contracts in Canada; they have profits on supplies and commissions to give abroad; they have influence in elections, and can control votes in parliament; their investment of ten millions ranks in our fiscal arrangements as nearly one to ten against the whole people and wealth of Canada. Tariffs and taxation are the great burden of parliament when assembled. We have a finance department, with excise, custom houses and collectors. Nine-tenths of the net amount they can all gather is to pay the expenses of our provincial government, in every branch, and nearly the other tenth is levied to pay interest for the Grand Trunk. All the difficulties of the few past years, arising from a revenue falling short of expenditure, are due to this sacrifice. But for that we should have a continued surplus.

We often hear of the "moral obligations" of the province towards the company. Our moral obligations have been fulfilled faithfully and honorably. All the immorality has been on the other side. Our only fault has been too much good nature in humouring the company, like a spoiled child, in every thing they asked. Had we rigidly held them to their contracts—had we refused to advance the provincial guarantee further than it could be rightly claimed on money expended, "with due regard to economy"—had we refused annual changes by acts of parliament, or the continued use of public funds to "tide over" their embarrassments, they would have fallen back on their own resources, expended their own money judiciously, completed their roads at reasonable cost, and by good management made them self-supporting. Public money flowed to them too easily. Had it not, there would have been no waste and disappearance of two or three millions of dollars annually. The debt to the province thus stands in the public accounts of 1863:

Provincial 6 per cent debentures, due in 1878 and 1880, £3,111,500 stg.,	\$15,142,633	34
Interest paid on ditto from 1st July 1856 to 31st Jan. 1863.....	7,277,505	61
	<hr/>	
	\$22,420,138	35

This interest, amounting, with commissions, to nearly a million of dollars annually,

*Persons in the employ of the Grand Trunk Company, 1860.*

	Persons	Pay \$ day.		Persons	Pay \$ day.
Managing Director's office.	3	\$ 8	Laborers.....	408	\$387
Secretary's	" 14	45	Engineer's department.....	5	41
Paymaster's	" 5	16	Assistants.....	227	362
General traffic	" 10	83	Mechanics.....	581	496
Agents.....	15	40	Locomotive & car department, 1259.....	1555	
About stations, conductors, &c.....	614	847	Store ".....	21	35
			Fuel ".....	144	143

Total number, 3,336. Daily pay, \$4,183; or \$1,300,000  $\text{\$}$  annum.

This is exclusive of pay to president and directors, and salaries of the London office, and for extra hands employed on temporary service.

A pretty army this, to be scattered over the country for election work.

Earnings of 12 lines and branches in 1860.....	\$6,722,666
Expenses of all " " ".....	5,676,350

Net income (how much charged to themselves?).....	\$1,046,156
Average earnings per mile.....	\$63.65
" expenses per ".....	53.75—or 85 $\text{\$}$ cent.
Average running speed between stations $\text{\$}$ hour; Express trains 29 miles;	
Freight do., 15 miles.	
Whole length of lines run in Canada by all the roads.....	1,880 miles.

we must continue paying in perpetuity, unless the whole concern is brought to sale, or we claim as second mortgagees.

Costly has been our introduction to those "eminent capitalists" who, according to that master of ceremonies, Mr. Hincks, were to construct all our roads at "very little cost to the province." We are often told of their great convenience, and of the increased value of real property. Both true; property has much advanced in a dozen years, and railroads have had their influence, among them many American roads that touch our border; but we might have had all required for our convenience without a sacrifice of twenty-two millions of dollars. Many think that but for the scandal of Grand Trunk mismanagement, its evil influence on our finances, and the discredit it threw upon railway enterprise, we might to-day have in operation more miles of road, useful to ourselves, run with more convenience to our people, and doing more to raise the price of real estate than ever the Grand Trunk has done, "in running along the front," or carrying through freight from the western to the eastern states.

And the London financial agents of the province, what of them? Well, they were controllers of the Grand Trunk scheme from the beginning, and have been principal managers throughout. They appear as the "English stockholders," whose meetings in London, to urge claims upon the province, have been called meetings of Messrs. Baring, Brothers & Co., and Messrs. Glyn, Mills & Co., outside their own offices. That they have sunk much money in the concern, possibly much more than they intended, is probable, for the Province could not continue forever relieving them from their own engagements volunteered to the company; but we must remember they were in receipt of enormous sums for commission and casual financial advantages, which are counted in by the agents of bankrupt corporations as offsets for loss of capital. The admission, in a letter to our Finance Minister, signed by both the firms, dated 6th June, 1861, relative to some small loans, is indicative of unprofitable relationship. "We considered," they say, "that it was right that you should be informed of the inability of the company to repay them, and that you would naturally be interested in being acquainted with a circumstance which tends to show the INTIMATE CONNECTION OF THE AFFAIRS OF THE GRAND TRUNK COMPANY WITH THE FINANCIAL ARRANGEMENTS OF YOUR GOVERNMENT." Their position, as financial agents for Canada and bankers to the company, implicated and brought to a level the affairs of a bankrupt corporation with those of a rich province. Provincial interests became subordinate to Grand Trunk interests, and the public credit of Canada, which should have stood second only to that of Great Britain, fell to companionship with struggling infant colonies on the other side of the globe.\* Men situated as these two firms have been, must profit by a prolonged existence of the railway "company," though it be merely in name, and everybody else be a loser. As now organized, they may continue running the road, like a hired farm, till all is exhausted. When the road bed is broken up, ties rotted, rails worn, cars and engines dilapidated, other plant gone, and buildings in ruins—when all is got out of past outlay that can be got, then they may abandon possession.

\* London quotation of provincial securities—March 2, 1864.

British Columbia, 6 per cent.....	102	①	104
Nova Scotia,                    "	104	"	106
New Brunswick,               "	101	"	103
Canada,                           "	99	"	103

But are the lives and property of the people of Canada to be daily perilled during a protracted period of destruction? Had railways existed in the time of our ancestors, custom and usage would have long since established a common law, irrespective of statute, declaring a dangerous railway track a nuisance to be forthwith abated, under the heaviest penalties. This principle of common law exists always, though there may be no open declaration, and to it the people, if possessed of spirit, may some day appeal.

He who would play the part of prophet before the fact, stands in slippery places, for coincidences and contingencies in the world's affairs, of which the most far-seeing could never dream, often laugh to naught the wisest estimates of studious calculators. Speaking, then, with due reserve for errant possibilities, and admitting the actuality of increased receipts,\* the Grand Trunk Railway Company may some day go again into bankruptcy, with another series of creditors to share the fortunes of the past. The old phrases of "reviving confidence," "better feeling in the money market," "reduced working expenses," "relieved embarrassments," "classification of interests," "amicable arrangements," "moral obligations of the province," "sensible reaction," "developments of trade and traffic, involving complications commercial and political," and dozens more like them, which have for years past formed the whole stock in trade of the London meetings of shareholders, are worn out, and can no longer pass current as substitute for CASH to pay the company's present engagements, which are increased rather than diminished by retention of the property, if any expenditure be made for its maintenance. By the Act of 1862, the capital of all creditors, except holders of first and second preference bonds, is annihilated into stock, upon condition of receiving preference interest that the company cannot pay; the capital invested by the province is, for the time, equally, though oppositely annihilated by the provision for *not* paying interest; the capital of the old stockholders is being annihilated in the attempt to carry on, under crushing engagements, an undertaking that, instead of earning a surplus sufficient to meet these engagements, may yearly fall into arrears. The farce is played out, and the audience disgusted. Let it end with the common conclusion, a "flare up."

Out of the ashes of dissolution the first and second bondholders can alone rise as the new Phoenix, and, with the provincial government as second claimant, take the whole. Such original stockholders as were worthy of commiseration have disappeared, or, if they exist, in what way do they command greater sympathy than our own citizens, who manfully bear their loss in the Champlain or Lachine roads without squeaking or howling? There

\* Comparative weekly receipts of Grand Trunk Railway.

	1860.	1861.	1863.	1864.
	\$	\$	\$	\$
1st week Jan.....	49,332	59,588	95,148	93,066
2nd do. ....	53,334	59,874	96,857	87,821
3rd do. ....	50,997	55,549	94,153	91,777
4th do. ....	52,722	47,092	93,727	95,824
1st week Feb.....	53,529	48,353	80,558	88,505
2nd do. ....	50,733	40,470	90,179	93,342
3rd do. ....	50,926	42,226	77,109	68,409
4th do. ....	55,691	54,306	90,215	91,986
1st week March.....	56,458	63,309	70,916	96,820

The figures for 1860 and 1861 are taken from the commissioners' report; those for 1863 and 1864 from returns published in the newspapers, without knowledge of what may be included for carriage of gravel, firewood, or other work of the company. People may enquire where this increase comes from, and what the cost of it?

are always hundreds of schemes in London, many of them mere bubbles, offering the enticement of unusual profits, upon which men, as in all the world over, are ever ready to risk something. It would be pleasant if speculative experiments were always profitable, but it is not so—they must be entered upon with the possibility of loss. No measure of relief now would repay the poor man or woman who sold out at 80 per cent discount, though it might give the speculator one hundred pounds for what cost him only twenty.\* The creditors became implicated neither from love, patriotism, nor compulsion, but simply as traders, either in money or coarser merchandize, intent on inordinate gain.† The road, with its stockholders and creditors, was nothing more than an ordinary commercial complication, subject to all the incidents thereupon attendant; nor was there anything peculiar in its failure to remove or take it out of the ordinary course or inevitable law of trade.

With the manly energy of the British race, ever ready to accept accomplished facts, we must face the question as a reality. The first and second bondholders and the provincial government are positively owners of the road, with all its branches and appurtenances. Many men of experience who have calculated the chances, casualties and contingencies, argue thus: let them take possession—their interests are equal, fifteen millions of dollars each—thirty millions of dollars is, leaving out the leased lines, a fair price. Worked upon this capital and the good credit thereby established, not with the vexatious pomp of a German principality, but practically, as a common sense and common trade undertaking, it might pay its way or become profitable. With such an arrangement, we could afford to be generous. We are already paying the interest on our claim as a gift. The principal will only be due in from fourteen to sixteen years, and we may then feel rich enough to give that also. Suppose we do better. Fifteen millions of dollars is a big present, but, after all the complications, we might feel ashamed to see every party a loser except the province. We might anticipate, and make the gift now, for we can only feel it then. *Bis dat qui cito dat.* Better secure the credit of giving twice than have the whole wheedled out of us without even thanks. With a new organization upon a capital of thirty millions of dollars, one-half the stock belonging to the preference bondholders and the other to the province, we could resign our half to the old stockholders and their former creditors, to be divided as equal justice *pro rata* between them. This would amount to six or seven shillings in

\* Prices of Grand Trunk Securities in London, 24th February, 1864, £100.

Portland road.....	50	61	Deferred preference bonds.....	50	53
Grand Trunk R.R. stock.....	19½	20½	3rd preference stock.....	49	52
1st preference bonds.....	72	74	Deferred ".....	38	42
Deferred ".....	55	60	4th preference stock.....	26	28
2nd preference bonds.....	66	68	Deferred ".....	22	25

Thus, the stock and the bonds, according to their position, range from 26 to 81 per cent discount at the latest dates; six shillings in the pound, or 70 per cent discount on all but the preference bonds, is a better average than could be got on the stock market for the whole lot, preference bonds excepted.

† The commissioners in their report show extravagant waste in purchases, expenditure, and payments, made, without regard to wants or prices charged, that in part explain how the "capital" had become swelled to seventy million, by the aid of "creditors."

In 1861, Mr. William Workman, who, with Mr. Hugh Allan, had, as auditors, examined Grand Trunk accounts, submitted one for supplies furnished by one firm in Montreal during the past year, amounting to \$263,648.13, to Mr. William Darling, Mr. Alexander Bryson, and myself. Our report, published at the time, showed an overcharge of \$41,255.23 above current prices that any other party would have paid in Montreal, putting the best face on it, as a large allowance was made for commission. Another scrutiny showed that a person might have paid a bonus of \$50,000 for the privilege of furnishing those supplies at same prices, and have still made a profit. Imitating the magnificent prodigality of our public departments, accounts were "paid on the face," without enquiry, if certified by any one, whether he knew anything about them or not.

the pound upon their respective claims or investments—an unusually fair dividend on an unfortunate speculation, and preferable to the threatened loss of every farthing. Mr. Watkins, the president, and Mr. Brydges, the managing director here, are both first-class men to carry out a reconstruction, or recast, if there be elsewhere manliness to grapple with the question.

In conclusion so far, the Grand Trunk Railway company of Canada, originating in a magnificent London stock-jobbing conception, of which Messrs. Baring, Bros. & Co., Glyn, Mills & Co., and Peto, Brassey, Betts & Jackson, became the exponents, brought into existence and nurtured into action by their control over the government of the province, had, in 1862, proved an utter failure, both as a gambling stock in the London money market and as a business operation in Canada. To this complexion had it come at last.

Such is the result of reasoning upon documentary evidence found published—such the *doctrinaire* of the question; and when ended, it may be met, like too much of the world's reasoning, by the word "visionary." "What," says the "practical" man, "is the use of talking now? Let the dead past bury its dead. The present "accomplished fact" is a revival, under the Act of 1862, that, by converting creditors into stockholders, has created a new company, with a capital of forty to forty-five millions of dollars, and no debts; and though this capital may not to-day be worth ten millions, it will surely rise by reason of enormously increased receipts one hundred per cent within twelve months. The preference bondholders ask nothing better than their present position; and what nonsense to expect shareholders to exchange forty-five millions of stock for fifteen millions of provincial guarantee that has been already given up! The Grand Trunk may now say to all advisers and impertinent intermeddlers, "*Laissez-nous faire*—let us fix it."

Not so fast. THE FIFTEEN MILLIONS OF PROVINCIAL GUARANTEE IS NOT GIVEN UP, AND THE GRAND TRUNK COMPANY, IF THE PEOPLE BE NOT UPON THE ALERT, MAY YET BUY A WHOLE PARLIAMENT TO OBTAIN IT.

For immediate purposes, the visionary must give place to the practical man; but before deciding between them, we must determine "which is which." Is he the practical man who affirms the prosperity of the Grand Trunk Company under the present arrangements, or is it he who doubts? A solution may be essayed upon the last semi-annual report of the directors. The new company, in getting ten years extension of time, is precisely in the position of a merchant who has bought an immense bankrupt estate, say a "lumbering concern," either his own or that of some other party, and the only question is, can he save himself with profit, or has he paid too much? In one case, he obtains credit that will carry him through; and in the other, after a few years floundering, he *must* break down. To this test must the Grand Trunk be brought, and first stand the liabilities. The following exhibits the provision made last December out of current receipts for interest:

Interest, &c., paid on land.....	£1,986	1	4
Do. on mortgage to Bank of Upper Canada...	4,423	16	2
Do. promissory notes, European exchange...	1,712	13	6
Do. British American Land Co.'s debentures	616	8	9
Do. Montreal Seminary debentures.....	616	8	9
Do. Island Pond debentures.....	2,700	0	0
Half-yearly instalment Portland Sinking Fund...	2,311	12	4
	<hr/>		
	£14,367	0	10

Atlantic and St. Lawrence lease.....	31,992	4	2	
Detroit line lease.....	11,250	0	0	
				43,242 4 2
First preference bond interest for half-year.....	49,920	15	0	
Second do. do. do. do. ....	24,715	0	0	
				74,635 15 0

£132,245 0 0 stg.

If this be the half-yearly interest on these accounts, we have here \$1,287,184 per annum, and no mention of the city of Montreal bonds shows that all things are not included. Reference back to page 36 will show that about the same amount is required annually for wages and salaries. Estimating the "life of a rail" at ten years, over one hundred miles of track must be relaid annually. The iron would cost over \$300,000 above the value of the old rails, to which must be added the cost of many hundred thousands of ties, with other accessories. The road-bed, buildings, and fences require continued outlay; and then there is the wear and tear and destruction of locomotives, cars, and other stock, to be made good annually, with the fuel, oil, and hundreds of expenditures called for in running the road, which, under the head of "expenses including renewals," are seen to be \$3,000,000 per annum. These things added together look very like an annual liability of five millions of dollars, for previous exposure renders the company's bookkeeping an imperfect data, to which another million for dividends to preference shareholders must be added before the old shareholders or the province can expect anything for dividend or interest. To cover all would require a weekly receipt for each of the fifty-two weeks in the year of over \$125,000 per week in hard cash, bringing "American currency" down to its value, and omitting tickets for carriage of the company's firewood and gravel; and when the company can exhibit such receipts, it may be considered as paying its way. Throughout these calculations figures have only been used as approximates, for they are found divergent in different statements, and would be not more reliable if they agreed.

To this permanent liability must be added the immediate liability for increase of rolling stock, the deficiency in which has for years been paraded as the cause for unsatisfactory traffic. A comparison between 1861, when the necessity of great increase was shown by Mr. Shanly and others, and 1863, does not exhibit much improvement at the end of three years.

	Dec. 1860.	Dec. 1863.
Locomotives - - - - -	212	227
Cars, 1st class - - - - -	92	100
2nd do. and mixed - - - - -	51	48
Baggage and Post office - - - - -	36	38
Baggage - - - - -	22	22
Box - - - - -	1625	1853
Cattle - - - - -	51	50
Platform - - - - -	1068	1073
Gravel - - - - -	133	73
Break vans - - - - -	34	57
Snow plows - - - - -	34	32

The commissioners of 1861 found 57 locomotives out of the 212, and an immense number of cars unfit for service, waiting repairs, or reconstruction. If these things, new, or old, or useless, are, like ships of war, kept on the register, whether in "ordinary" or in "commission," a catalogue of numbers may give an exaggerated idea of effective force. We hear much lately of "diminished working expenses," which is always one indication of neglected rolling stock, and roadway running to destruction.

On the other side of the account, to meet liabilities, the company published a very flattering statement of receipts and profits.

The following statement shows the percentage rate of ordinary working expenses since 1861, inclusive:—

	June half-year.	Dec. half-year.
1861 - -	87.32 per cent.	68.64 per cent.
1862 - -	77.23 " " "	59.68 "
1863 - -	63.87 " " "	57.56 "

The following statement shows the progress of the net revenue of the company since 1859:

Year.	Miles open.	Earnings. £ stg.	Expenses, including renewals.	Revenue Balance. £ stg.	Yearly Total. £ stg.
1859—June...	880	223,930	203,062	20,867	73,357
" Dec. ...	880	282,939	230,448	52,490	
1860—June...	978	314,811	268,810	46,000	102,684
" Dec. ...	978	367,847	311,163	56,684	
1861—June...1090		347,110	300,324	46,785	142,492
" Dec. ...1090		419,469	323,701	95,767	
1862—June...1090		382,992	319,556	63,436	170,233
" Dec. ...1090		439,361	332,563	106,797	
1863—June...1090		434,339	310,166	124,173	289,901
" Dec. ...1090		477,838	312,110	165,728	

Figures were once honorable characters, to be accepted upon introduction; but now, partaking of the immorality of the times, they must be received with considerate distrust. Unfortunately for their reputation, the first three lines in the above statement, showing a "revenue balance" or net profit of £119,359 (\$580,856), did service in the statement to be found on reference back to page 30, where the amount of receipts is made up as follows:

1858.....	\$2,256,290
As above, 1859.....	£506,869, or 2,466,762
" first half of 1860.....	314,811, or 1,532,084
	<hr/>
	\$6,255,142

The commissioners then showed plainly that instead of there being any profit in those years the positive loss was \$16,431. If then the first three half-years' profits of £119,359—in the statement published by the directors of the company for the information of mankind generally, on the 31st December last—are thus rudely swept away, what value can we put on the "revenue balance" of the following seven half-years? Who can tell us the amount



in wood and gravel tickets included, or the discount on "American currency," counted at par. There was a discount or deduction to be made of \$97,488 on what are here returned as the profits of the last half year, when the price of gold ranged from 30 to 50. What must the deduction be this year, when gold has run up to over 60? Again, the jump in receipts from 1862 to 1863 would appear exceptional, as the accident of war, business, and war prices that have raised freights in the States. Will the advance in traffic be maintained when war ends, and the overstocked American roads carry freight "for nothing," in their race of competition?

The extraordinary increase in this last half-year, where the receipts nearly equal those of any whole year previous to 1860, and the profits are called £58,931 sterling more than in the corresponding period of the year previous, is thus detailed in the newspapers:

	1862.	1863.
Miles run.....	2,324,281	2,532,184
Freight carried.....	325,337 tons—£286,273 stg.	372,984 tons—£282,067 stg.
Passengers.....	453,926—£127,180 stg.	529,723—£170,484 stg.
Gross receipts.....	£439,361 stg.	£477,839 stg.
Expenses.....	£332,563 ,,	£312,111 ,,
Net profit.....	£106,797 ,,	£165,728 ,,
Wood consumed.....	59,628 cords	58,113 cords

The freight was taken in the last account at a lower rate, as an increase of near 50,000 tons shows a decrease of £4106 sterling in receipts. Passengers were more liberal, for an increase of 75,797 gave a gain of £43,304 sterling, or \$2.78 for each, while the average rate in 1862 was \$1.35. The running of 200,000 more miles than in 1862, with 50,000 tons additional freight and 75,797 additional passengers, on a consumption of 1500 cords less fuel, is a fact to be noted by all inventors of cooking stoves. An increase of 10 per cent in traction moved by a decrease of 2½ per cent of force, must suggest the idea of "cooking." It is due rather to good luck than management that there has been little loss of life upon this road from the beginning.

There is a continued harping on the "postal subsidy." The wisest thing in the Grand Trunk acts is the provision, that the allowance for mail service shall be fixed by the Governor in Council; and but for this, we should be compelled to pay the company another tenth of our revenue for carrying mails, or send them by the old conveyances. The company itself names the real value of the service by what it charges to express companies who have an accompanying car or share the same.. All we pay above that, is a clear gift, and what favors do we owe that demand generosity? From the opening of the road to the 30th June 1860, the company received for "express" \$101,397, and for "mails" \$456,689, and we want explanation for the difference. At present we are paying for postal service \$100 per mile for night and day, or about \$80,000 per annum, when, in all justice, the obligation to carry the mails FREE should have been made a condition, when we undertook to pay nearly a million of dollars of interest annually.

Were the company in the hands of Mr. Brassey himself, he could hardly have the brass to urge a postal claim, and yet it is one of the political "items" on which they are still fighting the people of Canada.

The net revenue for 1862 and 1863, so immeasurably in excess of anything preceding,

is stated at £460,184, including "American currency," and, for anything we know to the contrary, wood and gravel tickets; while the interest due for this same period on the claims provided for on the 31st December alone amounts to £528,980 sterling, or a deficiency in the two first years in this one head of \$335,052. What will the arrears be when the net profit is reduced to cash, and all the other fresh indebtedness of the company in two years is added?

If the Grand Trunk stockholders are simply elated with their present prospects, those of the Great Western Railway should be in hysterics; if one is making money, the other must be 'coining.' The three last weekly reports of the Great Western, running, with its branches, 346 miles, as published in the London *Canadian News*, amount to \$201,920, while those of the Grand Trunk, running 1090 miles, are, for the corresponding three weeks, \$277,671; the former reporting earnings for the time of \$583.80 per mile, and the latter \$254.74. The return of the Great Western for the week ending 12th March, 1864, is \$75,226.72, and of the Grand Trunk for the week ending 18th March, \$100,429.60—that is, \$217.42 per mile per week for one, and \$92.13 for the other. Last year the comparison showed still better for the Great Western, yet its stock is quite as flat as its compeers, or flatter, for it is at 90 per cent discount. Taking the Great Western as a rule, the receipts of the Grand Trunk must be more than doubled before the stock can rise.

The future is still, as in the days of Homer, "in the lap of the gods," and who shall say what they will shake out? It may be golden showers, pouring seven or eight millions of dollars annually into the coffers of the Grand Trunk company, to relieve us from the payment of interest, and provide a sinking fund for payment to the Province of £400,000 stg. on the 1st January, 1877, £1,811,500 on the 1st January, 1879—and £900,000 on the 1st July, 1880. Time runs fast in the lives of nations and corporations; thirteen years are soon gone through; and when the Bank of Upper Canada has made its last payment, the railway can begin with its first.

But golden showers are not embraced in the category of modern probabilities. A loss of twenty to thirty millions of dollars, sunk in operations of the last twelve years, gives little promise of one hundred millions of profit, required to carry out this programme in the next twelve. Nobody doubts the energy or ability of Mr. Brydges, but a cruel handicap may lose the best race. An immense investment seldom proves a total loss. Worked upon a capital commensurate to the capacity of the country, and content with the traffic that flows naturally, there appears no reason why a fair compensation for service rendered should not in this, as in other commercial enterprises, produce a fair return; while the effort to make interest, not on real capital but on columns of figures representing capital long ago consumed and no longer in existence, predicates itself upon a forced trade, at what may prove ruination prices. Our great public concernment is a safe road, well stocked, running at good speed, and managed with the greatest convenience for the people. While in the enjoyment of this, we have nothing to say, nor have the stockholders; unless, failing in their present organization, they seek the only remedy in a nominal reduction of capital. Then, and for that purpose only, should the Grand Trunk Railway Company of Canada be permitted to enter one more appearance before our high court of parliament.

# APPENDIX.

## APPENDIX A.

LIST of Shareholders of the Grand Trunk Railway Company of Canada (A series) on the 31st December, 1854, (signed Benjamin Holmes, vice-president,) as returned by the Provincial Secretary to an Address of the Legislative Assembly, 28th April, 1855. (App. E. E.) Shares £25 sterling each.

Shares.		Shares.		Shares.	
W. S. Alexander.....	24	W. R. A. Boyle.....	8	Charles Chrstrun.....	304
Miss C. Alexander.....	8	H. Bollngbrooke.....	24	Robt. Chamberlain.....	16
Miss A. Alexander.....	8	W. Boorman.....	8	Frederick Cass.....	24
W. D. Alexander.....	32	T. Boorman.....	40	W. Castle.....	24
G. W. Alexander.....	16	J. E. Prodhurst.....	144	H. G. Cuttlee.....	88
J. H. Alleyne.....	24	Augustus Browne.....	40	R. Campin.....	16
Miss M. Alexander.....	40	Bragg & Slokdale.....	48	John Cattley.....	144
James Alexander.....	80	C. D. Bruce.....	48	Carden & Whitehead.....	48
Col. Robt. Alexander.....	24	C. J. Bosanquet.....	32	R. S. Cahill.....	24
W. S. Andrews.....	96	David Bromelaw.....	24	Edw. Chalmers.....	48
Miss C. S. Alexander.....	16	Miss C. Bromfield.....	8	Miss F. Cheere.....	8
John Allan.....	48	W. S. Broadwood.....	96	N. Clark.....	16
Travers Smith Amory.....	72	J. S. Broadwood.....	104	T. W. Clagett.....	16
William Alleard.....	24	James Bruce.....	96	Sir W. Clay, Bart.....	72
A. H. Ashley.....	112	Hon. P. P. Bouverec.....	48	Revd. C. B. Coney.....	52
Thomas Aspinell.....	24	Boudier, Fabris & Co.....	192	Coulon, Hentsch & Co.....	48
Anselm de Arroyave.....	48	T. C. Broadwood.....	96	Crawford, Cohurt & Co.....	96
George Ashlin.....	24	A. J. Bunton.....	48	J. E. Colman.....	256
G. Ashley and others.....	8	W. Barker.....	16	S. P. Cockerell.....	48
Mary Ashlin.....	24	Elisha Bushby.....	16	R. W. Crawford.....	48
Henry Barnett.....	48	Edward Burstall.....	264	A. Collier.....	16
C. J. Baker.....	16	H. Backerfield.....	8	M. C. Cotton.....	120
A. C. Barclay.....	48	Henry Bullock.....	24	F. R. Frampton.....	16
David Barclay.....	48	J. G. Burke.....	96	A. B. Cochun.....	48
Robt. Botts.....	16	Robert Bushnell.....	5	S. W. Cox.....	40
Joseph Baxendale.....	192	Chas. Butler.....	24	Noah Crook.....	28
Henry Back.....	48	Charles Binns.....	48	E. S. Codd.....	24
John A. Back.....	24	Thomas Brassey.....	144	C. Cawthorn.....	40
Wm. Baker.....	24	George Burnard.....	24	John Couleton.....	24
John Pass.....	24	Edw. H. Baldock.....	192	W. J. Collier.....	16
E. L. Betts.....	96	George A. Bastock.....	8	Sir W. Cobitt.....	200
W. G. Beare.....	32	Wm. Blaiklock.....	90	E. Cuthbert.....	40
Joseph Bennet.....	8	Baring Bros. & Co.....	6798	Jeffrey Cullen.....	16
G. A. J. C. Bentinck.....	24	F. L. Austin.....	40	H. J. Curtis.....	24
Moses Bersoniel.....	96	Robert Alexander.....	25	A. K. Cutbill.....	208
G. C. L. Berkeley.....	16	Edw. W. Chapman.....	48	E. B. Cureton.....	24
H. D. Blythe.....	72	W. Chapman.....	328	T. S. Cutbill.....	44
James Blythe.....	72	H. C. Clapman.....	200	Edw. Cropper.....	240
Mrs C. B. Blackwood.....	8	Miss S. A. Challinor.....	16	George Clark.....	48
Charles Biggs.....	56	John Chapman.....	8	Charles Crowden.....	8
H. W. Blake.....	480	W. E. Cuttley.....	88	Geo. Charlwood.....	10
W. S. Binney.....	48	Thomas Chapman.....	30	Augt. Dashier.....	192
Robt. Blackford.....	160	The. Chisholm.....	48	F. A. Dashwood.....	24
Thomas Booth.....	48	John Chapman.....	96	M. D. D. Dalison.....	24
E. A. Bowring.....	52	J. W. Cuter.....	144	G. F. Davis.....	24
James Borland.....	8	A. Chamberlain.....	8	R. Denglish, jr.....	24
A. Boyd.....	40	Alex. Calder.....	24	Darthey, Bros.....	24

	Shares.		Shares.		Shares.
W. T. S. Daniel	48	J. Glen	3	J. S. Hodgson	144
M. T. D. DeNitre	48	J. N. Gooch	96	John Hodgson	192
F. Dugart	40	F. D. Goldsmid	48	Mrs. M. Hartable	128
John Dillon	352	B. B. Goeno	72	Maxwell Hyslop	16
G. H. Donaldson	24	G. Greenwood	24	W. E. Hutchinson	48
Revd. C. Dinry	8	George Grant	72	Mark Hunter	96
Henry Druit	16	C. C. Greville	192	Thos. Huggins	144
Benjamin Draeger	24	T. B. Grovo	64	Wm. Hunt	48
F. Dunbury	72	Edward Grove	16	W. Hackblock	16
R. D. Dunn	180	Miss J. Graham	24	Rev. J. Harrison	40
Richd. Dunn	200	W. O. Goré	48	E. F. Hodgson	16
S. Dobree & Sons	48	G. R. Griffith	200	Rt. Hon. W. Hater	96
T. A. Davenport	16	Lady C. Greville	16	Sir J. W. Hogg	48
Wm. Earle	272	Miss M. E. H. Greathed	16	J. Hingston	24
Hardman Earle	200	Miss E. S. Greathed	8	W. Hardland	8
Thomas Earle	48	G. Gresewood	24	J. W. Harden	96
Sir J. Easthope	48	W. F. Grant	192	J. Hopkinson	144
Charles Edwards	24	Col. F. C. Griffiths	24	H. Huglings	10
F. W. Earls	50	W. S. Grave	24	W. H. Hornby	48
H. S. Easty	20	A. Guthrie	96	John Hawker	5
Miss E. Ellis	16	R. Gunter	60	R. Hannah	300
Russell Ellico	96	Mrs. F. Gunwood	24	W. Jackson	250
Joseph Esdailo	48	Wm. Gladstone	64	G. H. Jay	24
J. E. Errington	48	J. Grelgud	112	Andrew Jardine	80
Mrs. M. M. L. Ewart	40	Anne Gould	24	H. M. Jackson	250
J. C. Ewart	96	G. Glasspool	4	William Jackson	500
Eyro Evans	48	Henry Hall	528	Abbrecht Tusinger	48
Miss C. Evans	50	F. Hamson	16	Henry Jessop	96
William Ewart	48	W. Hawkins	696	E. Johnston	72
T. Farmer	120	J. Hammond	48	Rev. J. Jollands	16
O. Farrar	176	Philip Hardwick	96	A. P. Johnson	48
John Farie	24	H. Harrison	8	T. Irving	8
Thomas Forrance	96	John Hackblock	16	J. H. Ives	96
Robt. Ferguson	24	J. Harris	24	D. J. Kay	48
Joseph Felham	8	W. H. Horton	40	Henry Kelsall	312
Wm. Tenton	96	P. D. Hadow	24	Capt. G. M. Kerne	80
James Fletcher	48	Mrs. E. A. Hardenstle	48	S. Kennard	24
Wm. Fletcher	24	Joseph Hardecastle	96	Miss E. Kemp	48
Mrs. A. F. Flower	48	A. Haldane	96	G. T. Kemp	384
W. H. Forman	288	T. Hankey	48	Major Hakerr	64
J. B. Forsyth	264	Julius Hall	8	Col. E. Keane	72
C. K. Freshfield	48	J. M. Hervey	16	A. D. Kelly	24
H. R. Freshfield	48	J. Henry	48	W. Kentish	24
J. Forbes	48	D. D. Heath	32	Charles Kemp	8
James Fraser	96	Mrs. H. Hathfield	72	John Ketching	114
T. Franklyn	168	A. & M. G. Hewat	16	Rev. J. W. Knife	12
John Fowler	192	Headlum & Langton	96	Wm: Kent	8
D. Fraser	24	F. Husch	368	F. E. Knowles	48
C. Franks	8	W. Henderson	16	D. Kennedy	80
C. W. Franks	32	C. F. Henwood	16	G. H. Lawrence	138
J. K. Fry	70	Thomas Hilton	24	Francis Lamb	40
E. Farley	64	J. G. B. T. Hilyard	104	A. Laurie	24
David Fyrie	8	H. Highton	8	John Lane	24
C. Fletcher	482	Gilbert Hibbert	48	W. Langton	144
G. F. Gardner	8	R. C. Hilyard	68	A. J. Lawrence	8
F. H. Geach	100	H. Hornby	96	W. Langdon	32
Charles Geach	192	Hothagner & Co.	480	Jno. L. Lancaster	24
Frank Giles	16	Hopkins & Knyvett	144	S. Lawrence	144
R. Gladstone	30	R. Horre	24	W. Lewis	16
Is. L. R. Glyn	24	H. F. & H. H. Hornby	168	Lectapis & Co.	72
St. L. R. Glyn & G. G. Glyn	992	T. D. Hopper	16	Lemesurier & Co.	144
E. W. Mills & G. C. Glyn	1000	A. R. Hole	72	H. Lee	24
St. L. R. Glyn & G. C. Glyn	1024	H. T. Hope	104	J. J. Legardi	72
W. Gladstone	100	Thomas Hone	48	G. Loder	88
Alexander Gillespie	96	K. D. Ilongson and others	1000	Robert Locke	24
Robt. Gillespie	144	K. D. Hodgson	386	Charles Lyall	48

res.	Shares.	Shares.	Shares.
144	J. Lynott . . . . . 21	W. B. Morgan . . . . . 24	E. F. S. Reader . . . . . 56
192	George Lyall . . . . . 48	J. Mellor . . . . . 16	J. H. Renton . . . . . 80
128	C. J. Lucas . . . . . 200	Charles Morrison . . . . . 120	George Realey . . . . . 72
16	Ippillito Leononi . . . . . 300	H. McKeane . . . . . 32	W. Regly . . . . . 16
48	J. H. Lloyd . . . . . 48	R. McCalmont . . . . . 480	T. P. Ropley . . . . . 16
96	J. Lawrence . . . . . 365	H. McCalmont . . . . . 480	T. G. DeLaitive . . . . . 24
144	George Maxwell . . . . . 72	Rev. H. J. B. Cumming . . . . . 8	Mrs. H. Reckets . . . . . 8
48	A. Maxwell . . . . . 72	John Nelson . . . . . 48	George Roots . . . . . 32
16	W. Maxwell . . . . . 72	Fowler Newsam . . . . . 40	D. A. Rougemont . . . . . 24
40	W. R. Mansfield . . . . . 152	P. S. McDougall . . . . . 10	C. B. Robinson . . . . . 40
16	A. McKenzie . . . . . 48	G. T. Richohn . . . . . 96	W. Rotheram . . . . . 144
96	R. A. Marsden . . . . . 16	J. Niell, jr. . . . . 24	Sir C. P. Roncy . . . . . 72
48	J. Maynard . . . . . 24	D. Neilson . . . . . 48	Sir J. Rowe . . . . . 24
24	J. L. Mullett . . . . . 24	J. J. Nichol . . . . . 24	John Rose . . . . . 96
8	R. Martin . . . . . 48	W. J. Jewell . . . . . 360	A. M. Ross . . . . . 64
96	J. Martin, jr. . . . . 192	Le Duc de Mouchy Novilles . . . . . 160	L. L. Roberts . . . . . 8
144	J. Masterman . . . . . 48	J. & W. Nicholson & Co. . . . . 144	G. Robinson . . . . . 24
10	Earl of March . . . . . 96	Charles Otter . . . . . 32	P. Roberts . . . . . 48
48	G. R. Martin . . . . . 240	A. P. Osier . . . . . 72	Mrs. M. A. Russell . . . . . 8
5	A. Matheson . . . . . 240	T. C. Osler . . . . . 56	G. D. Ramsay . . . . . 72
300	D. Matheson . . . . . 40	W. Ormston . . . . . 24	L. Richardson . . . . . 48
250	R. D. Mongles . . . . . 144	Miss A. Otter . . . . . 32	F. J. Rougemont . . . . . 4
24	Mallet Freres & Co. . . . . 24	J. T. Oxley . . . . . 96	R. Savill . . . . . 16
80	Major S. Y. Martin . . . . . 44	George Payne . . . . . 192	Charles Sartoris . . . . . 72
250	C. Maude . . . . . 56	G. T. Parly . . . . . 56	W. Scott . . . . . 96
500	Lt.-Col. Matheson . . . . . 72	S. M. Peto . . . . . 5976	Henry Sanders . . . . . 48
48	Mrs. M. Mayo . . . . . 96	E. S. Philpots . . . . . 40	W. Scott . . . . . 48
96	Miss E. Mayo . . . . . 40	J. P. Piscatore . . . . . 192	H. R. & W. R. Sandback . . . . . 48
72	A. T. Mulker . . . . . 222	Hon. and Rev. E. Pellew . . . . . 72	Leo Schaster . . . . . 296
16	H. Menivalo . . . . . 24	George Pew . . . . . 24	S. Schaster . . . . . 48
48	Sir J. C. Melville . . . . . 120	V. P. Pearce . . . . . 24	J. W. Scott . . . . . 32
8	J. Mercer, jr. . . . . 24	Charles Pearce . . . . . 24	J. W. & S. R. Scott . . . . . 112
96	Rev. T. Medland . . . . . 10	W. Peto . . . . . 96	John Shepherd . . . . . 96
48	R. Mercer . . . . . 48	James Peto . . . . . 96	Sharples & Co. . . . . 48
312	G. T. Mitchell . . . . . 8	W. H. Pearson . . . . . 24	J. F. Shew . . . . . 20
80	T. H. Mitchell . . . . . 72	J. E. Pember . . . . . 8	W. H. Sitwell . . . . . 16
24	John Mills . . . . . 96	C. Pegun . . . . . 48	H. L. Smale . . . . . 24
48	F. N. Mickethwaite . . . . . 48	W. Pitcairn . . . . . 16	Robt. Slater . . . . . 32
381	E. W. Mills . . . . . 624	C. Plumley . . . . . 32	J. N. Smith . . . . . 72
64	Francis Mills . . . . . 1600	Arthur Pittar . . . . . 48	Alex. Simpson . . . . . 72
72	E. W. Mills & G. G. Glyn . . . . . 992	Rev. C. J. Plumer . . . . . 56	J. M. Strachan . . . . . 104
24	C. Mills & G. C. Glyn . . . . . 992	J. J. Pierce . . . . . 8	E. T. Sturback . . . . . 24
24	E. W. Mills & St. L. R. Glyn . . . . . 992	W. Poppet . . . . . 16	Robert Stephenson . . . . . 96
8	Maj.-Genl. C. Middleton . . . . . 24	John Ploughman . . . . . 10	G. R. Stephenson . . . . . 24
14	J. S. Mills . . . . . 16	G. Probyn . . . . . 24	Isaac Solly . . . . . 104
12	P. S. Mitchell . . . . . 16	Geo. Pollord . . . . . 24	J. Sultzer . . . . . 88
8	W. R. Mitchell . . . . . 32	T. Poynder . . . . . 192	John Swift . . . . . 1192
48	F. Mills and others . . . . . 960	George Prevost . . . . . 216	G. B. Symes . . . . . 72
80	T. E. Moss . . . . . 500	G. Pritt . . . . . 136	Hon. John Samarez . . . . . 24
38	John Moss . . . . . 100	Thomas Potts . . . . . 24	R. Smerdon . . . . . 96
40	J. S. Moss . . . . . 24	John Poole . . . . . 48	R. W. Taylor . . . . . 68
24	John Moss . . . . . 48	J. B. Provan . . . . . 168	John V. Taylor . . . . . 48
24	George Moore . . . . . 96	P. M. Pope . . . . . 24	G. E. Taunton . . . . . 24
44	Lt. G. M. F. Molesworth . . . . . 40	W. H. Pounder . . . . . 48	Robt. Tassell . . . . . 24
8	H. E. Montgomerie . . . . . 24	Joseph Pugh . . . . . 144	John Thewnetc . . . . . 16
32	Ellen M. Moss . . . . . 8	Pully Bros . . . . . 64	J. Thomas . . . . . 24
24	W. H. Moss . . . . . 24	S. H. Pully . . . . . 24	Joseph Thompson . . . . . 96
14	G. W. Moss . . . . . 24	H. H. Potts . . . . . 50	Robert Tiffin . . . . . 8
16	Mrs. H. Moss . . . . . 24	G. Rahn . . . . . 24	John Tilleard . . . . . 168
72	K. Morison . . . . . 30	James Rambottom . . . . . 88	George Tierney . . . . . 48
44	John Mollet . . . . . 32	John Ranking . . . . . 32	Joseph Talton . . . . . 72
24	J. B. Moore . . . . . 72	Charles Reely . . . . . 24	R. H. Trehsin . . . . . 80
72	John Monkton . . . . . 18	W. Reely . . . . . 28	J. Tonge . . . . . 80
88	Win. Murray . . . . . 48	Capt. W. Rhodes . . . . . 32	F. Tonens . . . . . 48
24	Morris, Prevost & Co. . . . . 264	F. J. H. Reeves . . . . . 48	A. Tweedic . . . . . 48
48	Rear Admiral Moorsom . . . . . 72	T. Reynolds . . . . . 48	R. Tacker . . . . . 16

Shares.		Shares.		Shares.	
Philip Twells	120	Lady A. Warrander	24	S. Willis	48
J. H. Tuke	24	Miss E. Wardell	24	G. T. Wingate	8
J. H. Turner	40	Hon. G. Waldegrave	24	H. Williams	16
A. Tweedale	32	Capt. G. D. Warburton	16	Mrs. E. A. Williams	8
John Underhill	32	H. B. Ward	72	O. T. Williams	24
S. Underhill	24	Miss H. W. Ward	40	W. Wilkin	24
W. Underhill	72	Major T. Watson	64	Chas. Wilkin	24
David Veasey	56	H. Wheeler	384	Henry Wilcox	8
E. Veears	24	G. H. White	40	J. B. Wilcox	24
Robert Vansittart	12	T. W. Webster	24	M. Wills	24
W. Vansittart	48	J. Whatman	416	R. W. Wilbraham	8
Charles Vesey	8	W. G. Whatman	64	C. Wilkin & another	16
E. A. Vaughan	8	J. Weedon	8	W. Deacon & Co.	480
Hon. S. P. Vereker	16	Thomas White	16	W. W. Wood	24
Charles Veekers	48	T. M. Wegaelen	194	G. Woodhouse	24
Emily Vansittart	12	C. T. White	24	T. G. Woodhouse	24
E. Watson	96	J. K. Welsh	16	P. Wooley & G. S. Clement	20
T. P. Ward	8	T. Whatley	56	C. B. Young	24
William Wagstaff	168	John Whatley	8	George Yeatherd	8
H. D. Waite	72	C. Webb	100	Capt. H. B. Young	288
B. Walmsley	40	T. J. White	8	John Yates	48
F. W. Watkins	180	Rev. J. Weld	8	Giles Young	16
S. Wurd	16	Friend Williamson	120	John Young	24
Chas. Watson	16	George Wilkin	24		
					66,928

(There had probably not been much change of stock at this time from the first distribution. In that view these would be mostly original subscribers.)

On the foregoing lists, which show the actual stockholders to that date holding 66,928 shares, amounting to £1,673,200 sterling, there had been £1,037,475 paid up previous to 1st March, 1855. The same shareholders had also paid £648,240 on company's debentures held by them, making their then investment of cash £1,685,715 stg. An examination will show that of the 66,928 shares, 23,764, or more than one-third of the whole, stand in the names of Baring, Glyn, Mills, Peto, Brassey, Betts, Jackson, Swift and Wagstaff, that is the London financial agents of the province, who allotted the stock, the English contractors for constructing the road, and the company's solicitors, who directed the legal construction of the scheme. Of the twelve directors named for Canada in the prospectus, only one appears on the list of shareholders. Deducting from the shares held by the above named, 1170 shares held by persons connected with Canada, the whole amount held by the general British public was 41,994 shares, or when paid up, £1,049,400 stg.

By other returns, signed by Mr. Holmes, of same date (26th April, 1855) it appears that there were 156 persons in Canada, holding 693 shares (average 4) in the Quebec and Richmond Road; while 10,790, at £25 stg., or £2,697,500, were held in England. On the whole £293,690 3s. 1d. stg. had been then paid up. There were 173 stockholders in the St. Lawrence and Atlantic road, holding 3,182 shares, at £25, or £795,500, and 4,355 shares were held at the London agency. £195,360 19s. 2d. stg. had been paid up. The Toronto & Guelph Company had 159 stockholders, with 34,296 shares at \$20 each, of which 20,000 were in the name of the city of Toronto and 10,398 in that of Czowski & Co., the remaining 3,898 shares being divided among 157 parties. On all £119,228 3s. had been paid up.

The whole amount of share capital of the Grand Trunk Company paid up, by return 26th April, 1855, may be thus stated:—

On Shares of Grand Trunk proper	£1,037,475	0	0
do Quebec and Richmond section	293,690	3	1
do Toronto and Guelph do	119,228	3	0
do St. Lawrence & Atlantic do	195,360	19	2

£1,645,754 5 3st.

Add to this amount received on Bonds:—

On Bonds of Grand Trunk proper.....	£648,230 0 0	
On St. Lawrence & Atlantic section, for City of Montreal Bonds..	£102,739 14 6	
Island Pond loan....	90,000 0 0	
British American Land Company.	20,547 18 11	
Montreal Seminary.....	20,547 18 11	
	<u>233,835 12 4</u>	
On Quebec and Richmond section (Prov'l Deben.)	100,000 0 0	
		<u>982,065 12 4</u>

Total amount raised to 1st March, 1855..... £2,627,819 17 7 stg.

APPENDIX B.

GRAND TRUNK RAILWAY COMPANY OF CANADA,  
Montreal, 8th Sept., 1853.

SIR,—I am instructed by the directors to inform you, that they have had under their consideration the best means of raising the capital required for the construction of the Grand Trunk Railway with the least possible delay.

I am therefore to state, that it would be of great advantage to the company if the course which they understand was taken in the cases of the St. Lawrence and Atlantic, and the Ottawa, Huron and Simcoe railways, of sending the provincial debentures for the amount required by each company to the agents of the province, to be invested on behalf of the government, either in England or in Canada, as the government may direct, can be adopted for the Grand Trunk Railway Company.

The directors being responsible for all risks with regard to interest and the several payments to the contractors, to be made in cash instead of debentures.

The Hon. F. Hincks,  
Chairman Railway Commissioners,  
Quebec.

I am, sir,  
Your very obedient servant,  
(Signed,) C. P. RONEY,  
Managing Director.

APPENDIX C.

GRAND TRUNK RAILWAY COMPANY OF CANADA,  
Montreal, 27th Sept., 1853.

SIR,—I am instructed by the Board of Directors of the Grand Trunk Railway Company to bring under the notice of the Hon. Railway Commissioners the application by the company for the present issue of the bonds provided by law, to be granted in aid of the construction of the several sections of the Grand Trunk Railway, comprised in the Grand Trunk, the Quebec and Richmond, and the Grand Trunk East companies.

The directors request that, in view of being enabled to take the most favorable state of the money market for the negotiation of these securities, the government of Canada will consent that the same facility be afforded as has been previously granted in the cases of the St. Lawrence and Atlantic, the Great Western, and the Ontario, Simcoe and Huron Railway companies, by issuing to the agents of the province in London the debentures pledged in aid of the Grand Trunk Company, to be negotiated by them under the instructions of the company.

The proceeds to remain as special deposit on account of the company, in such securities as may be approved by the London agents of the province and the provincial government; the company receiving from time to time, as the law provides, payment from this fund in lieu of the debentures themselves—and in case of any loss of interest arising, the company holding itself liable to provide for the same.



I am further directed to state, that on the assent of the government being granted, it is the intention of the directors to limit the issue of these debentures to such shareholders in the Grand Trunk Company, as, having paid up at least forty per cent on their subscribed stock, shall be prepared to pay for their debentures in full.

Hon. F. Hincks,  
Chairman Railway Commissioners,  
Quebec.

I have the honor to be, Sir,  
Your very obedient servant,  
(Signed,) C. P. RONEY,  
Managing Director.

#### APPENDIX D

*Copy of a Report of a Committee of the Honorable the Executive Council, dated 20th September, 1853; approved by His Excellency the Governor General in Council on the 30th September, 1853.*

On the report of the Chairman of Railway Commissioners, dated 20th instant, requesting your Excellency's sanction to a minute passed at a meeting of the board, held that day, viz.:

The letter of Mr. Roney, managing director of the Grand Trunk Railway Company, was again taken up, and a further communication from the same gentleman, dated 27th instant, was also submitted. The commissioners are of opinion that a report should be submitted for the approval of the Governor in Council, recommending that, in accordance with the terms of Mr. Roney's letter of the 27th instant, the debentures in aid of the Grand Trunk Railway Company be prepared and transmitted to the agents of the province in London, to be by them delivered for cash to the parties entitled to receive them under the condition of their prospectus; and the commissioners recommend that such portion of the money received on account of these bonds as it may be deemed expedient to keep in England be invested on account of the province in the joint names of Mr. Thomas Baring, M.P., and Mr. George C. Glyn, M.P., in such securities as they may deem advisable and for the benefit of the Grand Trunk Railway Company; and that such portion as may be issued in Canada may be deposited in such one or more chartered banks as may be designated by the Grand Trunk Railway Company, and as may agree with them as to the rate of interest which they may allow, and the said money to be withdrawn from time to time, on the application of the Grand Trunk Railway Company for such amount as they may be entitled to, under the provisions of their act of incorporation—such application to be submitted for the consideration of His Excellency the Governor in Council. The committee recommend that the sanction requested in the foregoing minute be granted.

(Certified.)

(Signed,)

WM. H. LEE, Act. C. E. C.

#### APPENDIX E.

*Grand Trunk Company General Balances, as established by the Commissioners, 1861.*

Dr.

Expenditure on account of capital.....	\$55,293,288 23
Portland Sinking Fund.....	236,250 00
Money in chest.....	154,032 11
Toronto debentures.....	400,000 00
Traffic accounts unpaid*.....	763,028 13
Fuel and supplies†.....	467,163 06
Sundry debtors.....	119,552 84
Sundry disbursements.....	79,077 03

Total assets..... \$57,512,391 40

\* This is mostly imaginary. The commissioners believed that not more than \$500,000 could be made out of available assets, including the cash on hand.

† When the test of examination was applied, quantities fell short of the book entries.

Discounts, &c.....	\$1,864,413 23	
Expense and preference capital.....	81,259 04	
Exchange and commissions.....	126,558 07	
Balance and revenue account.....	11,148,704 83	
		<u>13,220,935 17</u>
		<u>\$70,733,326 57</u>

## Cr.

Share capital and debentures.....	\$60,088,966 17	
Loans from bankers, &c.....	6,819,848 43	
Floating debt.....	2,475,572 65	
Arrears of interest.....	531,683 79	
Do. of rent.....	81,721 33	
Sundry creditors.....	39,111 85	
Sundry accounts of disbursement.....	696,422 35	
		<u>\$70,733,326 57</u>

## APPENDIX F.

*Floating Debt of Grand Trunk Company, 31st December, 1860.*

In London, interest on debenture capital.....	\$655,417 81	
Bills payable, running or overdue.....	\$2,572,347 13	
Bills of exchange.....	22,093 97	
		<u>2,594,441 10</u>
Loans — Baring, Bros. & Co. ....	\$1,468,104 95	
Thomas Baring, loan of 1860.....	261,377 96	
Baring, Bros. & Co., new loan, 1860.....	158,166 67	
Glyn & Co., loan 1860.....	1,385,174 96	
G. C. Glyn.....	277,855 00	
Glyn, Mills & Co. ....	2,433 33	
“ “ New loan, 1860.....	158,166 66	
Provincial Agents, loan acct., 1860.....	245,833 66	
Financial Agents of Canada, do., 15th Nov.....	2,433,333 33	
Loans on ordinary Company bonds.....	632,666 65	
“ on Toronto City bonds.....	183,765 33	
Peto & Co.....	28,713 33	
D. K. Hodgson, loan account.....	121,590 22	
Glyn & Co., account current.....	50,344 56	
		<u>7,377,506 61</u>
		<u>\$10,627,365 52</u>
In Canada—Special loan, Government of Canada.....	\$178,000 00	
“ Bank of Upper Canada.....	200,000 00	
Bills Payable.....	155,032 42	
Due to merchants and others for supplies.....	588,540 16	
Wages on account Paymaster, Montreal.....	125,443 61	
Due for wages and supplies, Portland.....	79,930 46	
Due for Chicago and Detroit lease.....	166,121 71	
Due Gzowski & Co., Sarnia mortgage.....	4,872 00	
Interest on Point St. Charles land.....	2,990 58	
Toronto mortgages.....	251 38	
Toronto rolling mill.....	6,108 95	
Sundry accounts.....	30,914 59	
		<u>\$1,538,205 86</u>

## SUMMARY.

Due in London.....	\$10,627,365 52
Due in Canada.....	<u>1,538,205 86</u>
	<u>\$12,165,571 38</u>

Other debts, omitted, made this indebtedness on the 8th May, 1861, \$13,797,302.

Some bonds were hypothecated against these loans, but the amount could not be exactly ascertained by the commissioners, who found it difficult to reconcile the London account with that kept at Montreal. The amount on hand, or hypothecated, according to the London account, was 4674,285 s. 10d. sterling.

## APPENDIX G.

*Annual Interest due on Debenture Debt by Grand Trunk Company, (statement 30th June, 1860.)*

		Capital.	Interest
Montreal City debentures,	6 per cent. ....	\$100,000 00	\$24,000 00
Lower Canada Land Company,	6 " ....	100,000 00	6,000 00
Montreal Seminary Company,	6 " ....	100,000 00	6,000 00
Island Pond Company,	7 " ....	438,000 00	30,660 00
Quebec and Richmond Road Company,	6 per cent. ....	486,666 67	29,200 00
Grand Trunk 1st preference bonds,	6 " ....	9,733,333 33	584,000 00
Do. 2nd do.	6 " ....	4,851,580 01	291,094 80
Do. 7 per cent. do., due 1862	.....	2,420,341 21	169,424 09
Do. do. do., due 1867	.....	2,433,333 33	170,333 34
Do. do. do., due 1872	.....	2,288,212 37	160,174 86
Do. 6 per cent., due —	.....	8,335,821 31	500,149 28
			<hr/>
		\$31,587,291 26	\$1,971,036 37

To this amount must be added the provincial debenture debt, \$15,142,633 53, on which the province now pays the interest, at 6 per cent, \$908,558—at exchange, 9½ per cent,—annually as a free donation, with \$9,085 58 as 1 per cent, commission to our financial agents.

*Summary of Rents and Interest payable by Grand Trunk Company, (30th June, 1860.)*

On debentures.....	\$1,971,036 37
“ lease of Atlantic and St. Lawrence road.....	358,634 10
“ lease of Chicago, Detroit, &c.....	175,200 00
“ lands at Point S. Charles.....	5,981 17
“ lands at Point Levi and Quebec.....	3,767 17
“ lands at Toronto.....	720 00
“ lands at Sarnia.....	4,800 00
“ loans from bankers, &c., unpaid.....	3,426,804 07
“ bills payable and bills of exchange unpaid.....	123,778 63
	<hr/>
	\$2,986,601 41

To which add interest on balance of floating debt.

## APPENDIX II.

*Company's statement of SOURCES from which Grand Trunk Railway Company obtained funds up to 31st December, 1860.*

Consolidated stock or shares.....	\$13,503,649 00
Stock not consolidated.....	21,154 48
Montreal, Island Pond, Seminary, and Land Company debentures... ..	1,038,000 00
Quebec and Richmond road debentures.....	486,666 67
Company's 6 and 7 per cent. ".....	15,571,783 93
First and second preference ".....	13,799,595 56
Provincial debentures.....	15,142,633 33
	<hr/>
	\$59,563,482 97
Add premium on sale of debentures.....	330,693 88
	<hr/>
	\$59,894,176 85
Deduct—	
Discount on sale of funds and debentures.....	\$1,845,597 70
Exchange and commissions.....	131,583 11
Preference capital expense account.....	81,259 04
	<hr/>
	2,058,439 85
	<hr/>
	\$57,835,737 00
Add floating debt.....	12,163,213 07
	<hr/>
	\$69,998,950 07

The Company's indebtedness stands by this statement—

For debentures of the province, as above.....	\$15,142,633 00
“ other debentures, as above.....	30,896,056 00
“ floating debt, “ .....	12,163,213 00
	<u>\$58,201,902 00</u>

Add to this \$1,343,038, to make up the compliment of preference bonds, with some items of floating debt omitted, and the amount stands at \$60,000,000, to which a further addition must be made for arrears of interest, &c.

## APPENDIX I.

## COMPANY'S STATEMENT.

*Grand Trunk Capital Account, 30th June, 1860.*

## RECEIPTS—

Capital raised by shares and debentures.....	\$58,469,643 61
Loans—Bills payable .....	2,112,581 53
“ Exchange .....	362,991 26
“ London bankers.....	6,853,681 48
Expenditure on Detroit road.....	86,836 44
	<u>\$67,885,734 32</u>

## EXPENDITURES—

Eastern division, 363 miles.....	\$15,845,432 96
Centre “ 335 “ .....	17,177,382 80
Western “ 190 “ .....	8,756,802 23
	<u>888 miles</u>
Porthand division, 149 “ .....	1,615,915 12
Victoria Bridge, paid to date.....	6,494,667 34
Rolling stock.....	4,475,247 35
	<u>\$54,365,447 80</u>
Steamers and barges.....	\$274,320 49
Paid on Quebec basin, &c.....	123,000 00
Divers accounts.....	125,238 24
Expenses of London office.....	116,086 71
Secretary's account, &c.....	25,232 05
	<u>663,877 49</u>
Sundry accounts.....	9,383,167 68
Detroit and Chicago Junction.....	41,402 86
Balance of general account on works .....	3,431,838 49
	<u>\$67,885,734 32</u>

There is included in the amounts set down against the four divisions of the road over \$2,000,000 for “general expenses,” and other charges of large amount not appertaining to construction.

## APPENDIX J.

*Rent Payable annually by Grand Trunk Railway Company on St. Lawrence and Atlantic lease.*

	Capital.	Interest @ 6 per cent.
Interest on capital of St. L. and A. Co.....	\$2,494,900 00	\$149,694 00
Do. on company's sterling bonds.....	486,666 67	29,200 00
Do. do. mortgages.....	988,000 00	59,280 00
Do. City of Portland bonds.....	2,000,090 00	120,000 00
Pension to Mrs Jenkins.....	.....	40 00
Interest on promissory note, at 15 years, to Mrs. Weeks,	5,000 00	300 00
Do. on two other notes.....	2,000 00	120 00
	<u>\$5,976,566 67</u>	<u>\$358,634 00</u>
Annual rent for lease of Detroit and Port Huron road—		
On share capital.....	\$1,095,000 00	at 8 per cent., \$87,600 00
“ debenture capital.....	1,095,000 00	“ 87,600 00
	<u>\$2,190,000 00</u>	<u>\$175,200 00</u>
Interest on purchase of land at Point St. Charles—		
	Capital.	Interest.
Seminary of Montreal.....	\$28,420 00	payable in 1863,..... \$1,705 20
Nuns of the Congregation.....	22,000 00	“ 1858,..... 1,320 00
Nuns of the Hotel Dieu.....	34,256 17	“ 1864 & 1869, 2,055 37
Grey Nuns.....	15,010 00	“ 1863,..... 900 60
	<u>\$99,686 17</u>	<u>\$5,981 17</u>
Rent for station and wharf at Point Levi and Quebec—		
To private individuals.....	\$714 67	
“ Crown Land Department.....	572 50	
“ Warehouse Company.....	2,480 00	
	<u>3,767 17</u>	
Interest on water lot at Toronto, (capital, \$12,000 00).....		720 00
Do. on lot at Sarnia, ( “ \$80,000 00).....		4,800 00
Summary of rent and interest on land—		
Atlantic and St. Lawrence.....		\$358,634 00
Port Huron and Detroit.....		175,200 00
Sarnia.....		4,800 00
Toronto.....		720 00
Montreal.....		5,981 17
Quebec.....		3,767 17
	<u>Total rents.....</u>	<u>\$549,102 34</u>

*d*

ent.

