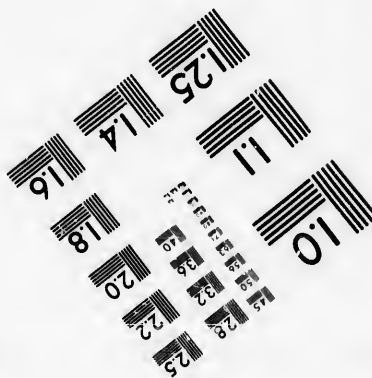
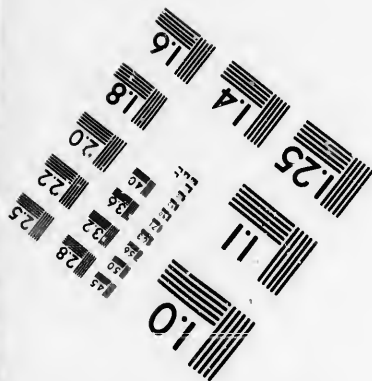
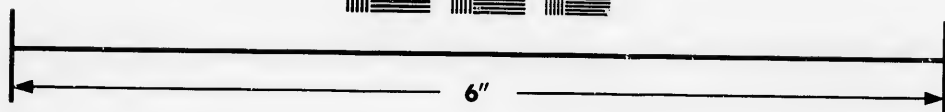
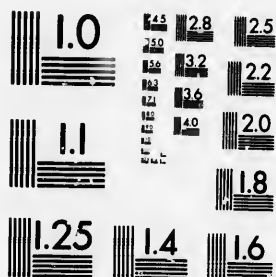


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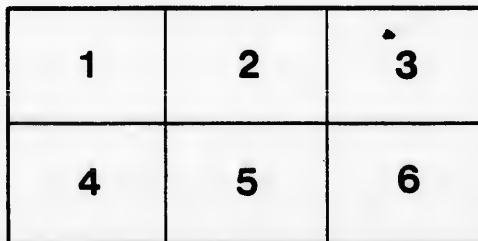
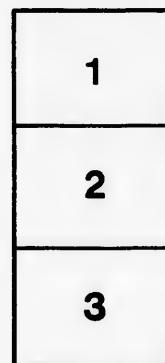
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GRAND TRUNK RAILWAY OF CANADA.

The ORDINARY HALF-YEARLY GENERAL MEETING of the GRAND TRUNK RAILWAY COMPANY OF CANADA, was held at the London Tavern, Bishopsgate Street, London, on Thursday, the 2nd of April, 1863, at One o'clock, "for the purpose of receiving a Report from the Directors, and for the transaction of the other business of the Company." The Chair was occupied by the President of the Company, Mr. EDWARD W. WATKIN.

The Secretary having read the advertisement convening the Meeting, published in the "Canada Gazette" and in the English Papers,

The CHAIRMAN said—It is now my duty, assuming as I suppose you will permit me to assume, that the Report and Statement of Accounts are taken as read (hear, hear), to move "that the report and accounts be approved and adopted." In doing so, I must express a hope that the Shareholders and Bondholders present, who, like ourselves, must have wished that the result of the half-year's working had shown a larger increase of profit, will bear in mind the facts of the past in discussing the present, and will recollect the position of the concern little more than two years ago; because, although it may be that all we expected has not been realized during the past half-year, still we must test what has been done by the difficulties we have had to surmount if we would arrive at a fair comparison, and a fair understanding of our present position. You will all recollect that less than two years ago our credit appeared to be utterly destroyed; the wages and

salaries of our officers and servants were in arrear; we were encumbered with a debt, as to which there appeared to be no resource for its liquidation, but a seizure of the whole property of the concern; and, as might have been expected, there was an amount of difference of opinion, of absolute discordance, amongst the holders of the various classes of securities which, while damaging always, must have been as disagreeable to gentlemen on that side as to the Directors on this side of the table. It was reported, also, that the line was on the point of stoppage from want of repair and deficiency of plant. (Hear, hear.) Since that time we have succeeded in a very great degree in restoring the position of our credit. (Hear, hear.) Our wages and salaries, and the materials we consume are periodically and regularly paid for; and we are now able to buy in the cheapest market, because we can offer cash for everything we want to be supplied with. In addition to that, our traffic, in spite of many adverse circumstances, to which I shall have occasion to allude, has shown a reasonable amount of increase; and although our expenses have been in this half-year augmented by a very large amount of renewals, notwithstanding that fact, the increase of expenses, however to be regretted, has not been, under the special circumstances, very excessive. But above all, we have learned to unite instead of to quarrel amongst ourselves; and all classes of bond and shareholders are now ready to give our altered management a calm and patient trial. There is much more to be done, and many anxieties and difficulties still remain, but the worst is happily over. (Hear, hear.) Gentlemen, in turning to the accounts, I would first call attention to the capital account. There you will see that we have transferred from what were called "General balances" a number of large items, which ought, as it seemed to me, to have been from the beginning placed to the capital account; and we have also endeavoured to bring in every liability, which we admit in whole or in part, with a view, if possible, to know the final, or at all events, the present, outside amount of the capital liabilities of the concern. The sum of £15,440,000, which appears in the accounts, includes

all the claims settled or unsettled that, so far as we know, can be brought against the undertaking, and we hope that with regard to some of these accounts a reduction may be made by negotiation on settlement. I am aware that we are now carrying into account debts before you have paid for them, and some explanation; even though it may have been given before, ought to be afforded in reference to the position of those debts, as affecting the Bond and Shareholding interests of the concern. By the Act of last Session the creditors of the Company in Canada and in England were to have legal recourse, after the adoption of the Act by you, which was on the 8th August last, against the postal and military revenue derived from the working of the undertaking, the balance of the debts being paid in fourth preference stock. By that Act, hard as it appeared to press, in the opinion of some of them, upon the creditors, all right of action and all right of seizure of the Company's property was taken away from creditors of the Company, whose debts made a total, if I recollect rightly, but very little short of two millions and a half sterling; but the assent of a majority of the creditors in Canada and England was required, and that assent was most handsomely, and under the circumstances, magnanimously given by a majority. Therefore our position is a peculiar one, for we have debts which we have not paid, but yet our property cannot now be seized for those debts of your creditors in Canada and England. The creditors in the United States were in a different position, but we were to a great extent protected. But a vital question remains, that of our pledged securities—upon that much of the future success of the concern hinges. I will state hereafter the arrangement that we have proposed as to these securities, and upon what that arrangement seems to be contingent. Our position is this, so far as the accounts go, that we have brought into the accounts every claim, settled or unsettled, that we believe can be brought against us, and though by that process, the increase of the capital account appears to be £3,400,000, it is a merely nominal increase; the whole real increase charged to capital

being, in reality, only about £8,000 in addition to what has been paid out of revenue. I will now say a word about the revenue account; and I think if you will follow this account in that which I have always considered, in reference to Canadian Railways, as its most important side—I mean the working expenses—I think you will find that although there is much that we hope to change, and which we would have preferred not to see there, still it does present some considerable signs of improvement, and I think we may hope that the working expenses will be cut down to as low an amount as is consistent with the exceptional cost of the working of such Railways in Canada, and to the efficient maintenance of the property. (Hear, hear.) But in order fairly to see what our position at the present day really is, we must look for a moment at the past. I find that in the half-year ending the 31st December, 1859, the balance of net profits, stated in your accounts, after deducting the working expenses from the revenue, was £52,000. I find that in the half-year ending 31st December, 1860, the net profit, after deducting the working expenses, was £62,000. For the half-year ending 31st December, 1861, the net profit was £95,000, and for the half-year, which is included in the account now before you, the net profit amounts to £106,000. (Hear, hear). Taking it again as a question of average on the year, I find that in the year 1859, the total net profit amounted to £73,000; in 1860, to £108,000; whereas in 1862, it amounted to £170,000. (Hear, hear). I am quite aware that it may be said, that, although that does shew a very large and gratifying increase of profit—in fact, of from £73,000 in the year 1859, to £170,000 in the year 1862—yet that that is still very far short of the requirements of the concern, to pay the interest on the various classes of bonds. That we must all with very considerable regret admit, but our duty now is not uselessly to complain with regard to the past, where it is needless and useless—our duty is, by united action, persevering industry, and common sense, to restore the concern steadily, if gradually, for the benefit of those who have invested their money in these great

works. (Cheers). That is what we, on this side the table, have at heart, and that is the practice and the policy we shall pursue, should it be your pleasure that we continue as your Directors—that is the course we shall adopt with a view to promote the interest of the Company, without turning to the right hand or to the left. (Hear, hear). The report calls attention to the very large excess in the item of renewals. In paragraph 2 of the report it is stated that, whereas in the half-year now under consideration, the expenses of renewal have been £70,256, in the corresponding half-year of 1861, they amounted to only £35,878, shewing an excess of £34,378. In the report I presented to you in the fall of last year, I called your attention to the importance of improving your road-way, as far as practicable, and out of current revenue. I must state, however, that since that time, gentlemen who are interested in the property of the Company, Bondholders and others, have said to me that it is not quite fair that that which is, to a considerable extent, a permanent improvement, should be paid out of current profit, and I admit that there is a great deal to be said in favour of that view, but both efficiency and safety demand these items of expense. But we have been in this position: we have had to extend our works without capital, and sometimes to meet our debts without revenue. (Laughter). That exceptional state of things, I hope, is about to be removed, and, if so, I think it is a fair subject of discussion, whether the view I enunciated in that report is one that ought or ought not to be finally adopted. I have always, in considering the question of Railways in America, considered that the question of iron—especially in reference to northern latitudes, in the making and repairing of the lines was, physically speaking, the main and most important matter in connexion with the undertakings. With regard to the Grand Trunk Line, you originally laid down the kind of rail commonly adopted in the United States of America, and which is called the hollow, or “U” rail. But we find that the severe alternations of the temperature at the beginning and end of winter—having a spring day, perhaps, on a Wednesday, and on Thursday a fall to 20 or 30 degrees below

zero—have such an effect in lifting and disturbing the road bed, and, in consequence, upon the rails, that they become strained and twisted in a remarkable and singular degree. Having tried several kinds of rail, we have come to the conclusion that the solid rail, fished at the joints, is the best adapted for our work, and for that variable climate, and we have not forgotten that our line is at present more of a heavy freight than a passenger line. (Hear, hear). We have therefore adopted that kind of rail in the renewals—although each new mile laid down costs perhaps 30 per cent. more than the old mile taken up, and, in efficiency, is worth 50 per cent. more. Then comes another question, affecting not only the Grand Trunk line, but also every railway company in Canada and North America. We find that iron of every kind, whether connected with the railway or the wheels and tyres of the cars and engines, or the axles, is liable to fracture in winter, and that the degree of breakage bears some proportion to the reduction of temperature below zero, but what that proportion is we cannot say, except that we find that an excessively low temperature brings at once augmented breakage. We find, in fact, that iron breaks in Canada on a large scale, in the same way, that during the severe winter of 1860, in this country, it was found to break upon our railways in a manner which alarmed us here, though it was upon a small scale as compared with the results in America. It is, therefore, a question of very serious consideration, and we have often discussed it at the Board, within the last month or two, as to how these difficulties may be finally and fully met, and the improvements lately made and proposed in the manufacture of steel seem to open the way. (Hear, hear.) If these improvements be elaborated and cheapened to the extent which many practical scientific men are sanguine enough to believe; and if steel, good enough for common purposes, can be reduced to a price within £2 or £3 per ton of the cost of good iron rails, future renewals ought, as it seemed to us, to be made of steel instead of iron, as steel rails would last longer than iron. If this could be done, an ultimate and very large economy in adopting steel instead of iron,

which is proved to be not thoroughly efficient, could be made. That is a question which is very important to be considered by a company that has 1,090 miles of railway, and it shall have our best attention. We shall watch the progress of the new manufacture of steel with the greatest interest, and shall make such recommendations in future to you in reference to it as we think best for the future efficiency of the concern. Having called your attention to the Report, however generally and briefly, I will now endeavour to give you the latest information with regard to the working of the railway. Having before me an account of the income and expenses of the first four weeks of this year, which is subsequent to the half-yearly Report before you, I find that the gross traffic of the four weeks was £59,072 in 1862, as against £64,144 this year, and that the expenses were £41,357 in 1862, as against £38,453 this year, showing a very gratifying improvement in the working of the line not only in the increase of receipts, but in the decrease of expenditure. (Cheers). A subject has been before you on former occasions to which I must now advert—I allude to your relations with the Government of Canada. I believe I have been accused of saying some hard things in this room with regard to the Government of Canada; but I knew the infinite damage your interests had sustained, and which damage brought good to no one. I think, however, that disagreeable as it may be, it is better to let the Share and Bondholders on this side of the Atlantic, who hold property 3000 or 4000 miles away, know everything, even at the risk of offending parties abroad—I see no ultimate harm, but great good in laying bare the whole truth always. (Cheers.) Our great subject of complaint, in reference to the present Government of Canada, was that the previous Government having agreed to submit the disputed question of postal remuneration to arbitration, the present Government, without any reason, as we believed, and having themselves to a great extent acted upon that agreement, withdrew from that arbitration, and refused to permit it to proceed, although it formed the basis of our re-arrangement of capital, and of the prior settlement with our creditors, whose legal rights were taken

away. This unexpected conduct really relieved our creditors from their obligations. They might, as assent to the Act of 1862 was necessary, have seized our property and stopped the working of the line. This risk was thus forced upon us. Some of our creditors in the States put immediate pressure upon us. Creditors here sold securities to our loss. But the majority of the creditors stood by their word, though they were really, by the action of the Government, released from it, and they have enabled us to avoid the danger of a seizure of your property by giving us—in proper time and on the faith of our best exertions in their behalf, and of the renewed promises of the Government—their assent and co-operation. (Cheers.) I am happy to tell you now, that by a telegram received two days ago by way of Halifax, we have the information that the Government has introduced a Bill into the Canadian Parliament for authorizing and legalizing the settlement by arbitration of the postal claims, and we have every reason to hope that the justice of the Parliament of Canada will lead to the early passing of that measure, through which we hope to get a fair and just and honest settlement of that question, and we want nothing more, at no distant day. (Cheers). By the Act of 1838, in force in England, any Railway Company aggrieved by the conduct of the Post-office, as regards the amount of payment made to it by the Post-office, may appeal to arbitration under this Act, and then the Post-office appoint one person, the Railway Company another, and the two appoint an umpire, and the amounts of almost all the postal payments made to Railway Companies in Great Britain and Ireland have been settled to the satisfaction of all parties and without a complaint, under that very simple, just, and efficient machinery. (Cheers). I hope, by the passing of this proposed measure in Canada, that the existing differences which have arisen between the Government of Canada and ourselves will be ended; and I congratulate the present Government of Canada, who energetically assisted us to pass our Arrangements Act of 1862, and to whom our thanks for that service are cordially due, upon the taking of a step which, if faithfully carried out, will do so much, I hope finally, to remove the soreness

of feeling and want of confidence which have prevailed with regard to the way the unfortunate persons who invested their money in Railways in Canada have been treated. Of this, I feel assured, and all dispassionate opinion in Canada will concur in the remark, I have no doubt, that nothing which the Government could do fairly to assist the holders of Canadian Railway property would be out of place, considering the enormous sacrifices they have made to cover the smiling surface of Canada with these useful, these essential undertakings. (Cheers). In the meantime, we thank the Government for introducing this Bill. (Loud cheers). But, pending the settlement of the postal question, there has been a very important arrangement which I now come to discuss with our creditors. I have already informed you of the legal position we stand in with respect to them generally, a position which, I hope no quirk of law, which we should resist to the last, can disturb. Several of these creditors, however, hold securities belonging to you, which were to have been given up, to the nominal amount of nearly £700,000 sterling, but of the market value, of possibly £250,000 or £300,000, and we want these securities to provide for these improvements of road and extensions of works, which efficiency and safety require. One of these creditors, upon the news of the reversal of the Postal Arbitration, thought fit to dispose of £153,100 of the 2nd preference bonds at the market price of the day, which I think was as low as £53 10s. Of course you are benefited by the reduction of the debt, to some extent, but you lose, on the other hand, the valuable security which would have been given up absolutely, if the Canadian Government had carried out the previous promises made to you. With respect to the other Creditors, they have acted, as I said before, upon the expectation that justice would at last be done, and now they rely that the Postal Arbitration Act will be carried, and that a just payment will be made for the postal service, and whatever the amount, less or more, they will accept whatever a fair arbitration shall decide. They will at once give up securities of the nominal value of nearly £600,000, under the proposals which have passed between us, if this Act passes.

Thus we must wait the decision of the Parliament with great anxiety. But as these securities could not be dealt with for the purposes of the Company, without a vote of the Proprietors, I shall, at the close of our proceedings to-day, propose that the Meeting do adjourn until the 11th of June, in order that we may then report as to the Arbitration Act, and if thereby enabled to do so, take your instructions in reference to the whole matter. (Hear, hear.) It has often been a matter of complaint, that on the working of the Grand Trunk Line, we have had very little employment for our car stock in summer. In the summer you will perceive that we are competing with one of the finest water communications in the world. Whereas in the winter, we have a monopoly of the carriage of traffic from one end of Canada to the other. We have recently made an arrangement for the running of steam propellers from Chicago, and other ports on Lake Michigan to Sarnia, and we hope, under that arrangement, that greatly increased employment will be found for our stock in the carrying of grain from Sarnia to Toronto, in summer, when the cars want employment. But it may be said, that "having Sarnia at the one end of the peninsula, and Toronto at the other, why did you not do that long ago?" The answer is simple:—Because whereas you had an excellent elevator at Sarnia, at Toronto, notwithstanding your large outlay, there was no means of shipment for grain in bulk at all. We have, however, recently had an elevator erected at Toronto, by arrangement with private parties, which will be opened the moment the navigation permits ships to run to Sarnia. Having now, therefore, complete means of shipment, with Lake Ontario at the one end and Lake Huron at the other, we hope to do a large business, and to find profitable employment for much of our stock, which has been lying idle in summer. (Hear, hear.) I know it is contended by some, that it is quite useless to carry heavy articles along the whole length of the Grand Trunk in the summer, because the carriage by water is cheaper, but the matter will be different when it comes to be a question of carrying such articles not over the whole, but over the short cut of 170 miles, only across the peninsula, and of improving

the condition of the grain in passing it twice through the elevator. If we do not get a profit over the whole, we shall have a profitable traffic over the 170 miles, where we have the means of carrying large quantities, and by wholesale. (Hear, hear.) I wish here to say a word as to the extent of trade that may be more or less affected by arrangements of this kind. We have all heard with wonder and astonishment of the progress of the lake cities of the United States, the markets and depots where the great grain traffic and food traffic of the western states is carried on. The most remarkable is the city of Chicago, which, thirty or forty years ago did not exist, but which is now a centre of the greatest importance, and perhaps doing the largest inland grain traffic in the world. I find by papers that have been sent to me that the receipts of grain and flour into Chicago in 1859 were equivalent to twenty millions of bushels, while in 1862 it was fifty-eight millions. I find that the total shipments from Chicago in 1859 amounted to 16 million bushels; and in 1862, to 55 millions. The total receipts of hogs, live and dressed, from 1st of October to 21st of February, for three years, was—1860-61, 324,000; 1861-62, 720,000; 1862-63, 1,200,000. These are figures which we are not accustomed to see with regard to articles of food in this country, and show that there exists an amount of traffic exhibiting a wonderful law of increase, our share of which, if carried on with profit, which we can now do, but could not hitherto compete for, ought at length to yield a large return. And when I say "compete for," I do not mean to go out of our way to take it from any existing railway, but that in co-operation with the water navigation we can give it that more rapid and economical flow to the market which its necessities demand. In turning from Chicago I ought to mention the rapid progress and position of the city of Montreal, the centre of your system. Although the increase of Chicago has been great, there are features with regard to Montreal which will show that, although the comparative figures we begin with may be less, the ratio of increase is most remarkable. The population of Montreal in the year 1851

amounted to only 55,000. In 1862 it was estimated at 120,000, showing an increase in eleven years of no less than 125 per cent. The statistics of the trade of Montreal also show very gratifying results. The returns of receipts of flour and grain, are, for 1862, 18,000,000 bushels, as compared with 16,500,000 in 1861, showing an increase on the year of 1,500,000 bushels, or nearly 10 per cent., in face of a bad Canadian harvest. Then with regard to the shipping trade entering the port of Montreal, in 1854 when your Railway was opened, there were 258 ships, with a total tonnage of 78,000 tons, whereas in 1862 the returns show 571 ships, and the tonnage was 265,000 tons (Cheers); and let me say, that by a proper spirit of co-operation between the Grand Trunk and the important commercial interests of Montreal, which we shall labour on all occasions to cultivate, our revenue may be largely augmented, and the progress of the commerce and enterprise of the city may be assisted and stimulated. (Hear, hear.) I do not give you these figures to renew that which it has been too much the habit to adopt, namely, to raise hopes by a florid statement as to future prospects, when the hopes so raised might be disappointed, but to show that there are elements of improvement, progress, and success with regard to the trade and commerce of Canada, and also with regard to the Western States, which must in the end materially affect you. It is usual at the meetings of English Railway Companies to talk of proceedings in Parliament (laughter)—I am happy to say we have no proceedings in Parliament to report, except as to one Bill of a clause or two to remedy an error of date which crept into the Act of 1862 in one or two of the clauses, and perhaps for some other useful details. Some of you may have observed that a particular date is given in some places in the Act as 30th of June, and in other places 31st of December. To make the Act consistent we were obliged to introduce a short Bill, and should any other matter strike our colleagues it can be applied for in this Bill. In addition to that there is a Bill, I cannot say promoted by our Company, but certainly by parties so far in our interest, that they desire to connect this Grand Trunk Railway with the

wonderful Oil Springs of Upper Canada, by a branch of a few miles. We heard the other day that the flowing wells near Enniskillen had ceased to spout up the oil. Last year, when I was there, it was a country dotted over, in fact, with oil fountains. The same subsidence has now taken place which was found in the older oil region of Pennsylvania; and, I believe it is because of the gradual evaporation of the gases, which are confined below, that the oil has ceased to be forced, or spouted up from the ground. It has now to be pumped, instead of pumping itself, I believe; and if any gentleman is alarmed, and believes that the supply will cease, let him take comfort from the fact that the phenomena which now appear in Upper Canada have previously exhibited themselves in the oil regions of Pennsylvania, and that there the oil still exists in the ground, and has, as I have said, only to be pumped up. I would not say much with regard to one important item, namely, the traffic caused by emigration, if it were not that we were somewhat sanguine, as we were given to understand that a greater number of emigrants would find their way to Canada last summer and autumn, than had been the case before, and that this season would show even better still. We find, however, that notwithstanding all the turmoil that prevails in the United States, there is still a large amount of emigration there, which recently was strangely increased, consisting, to a very considerable extent, of able-bodied young men, without families. Some of our agents state that there seems to be a sudden and great demand for young men, without families, in the United States, and they suspect that there has been a process of persuasion going on to induce young men, principally from the south of Ireland, to emigrate, not altogether for commercial, but probably for military purposes (hear, hear); and we have some reason to suspect that a large part of this tide of emigration will re-appear on the other side of the Atlantic in the shape of Federal soldiers, as a proof of British "neutrality" in the affairs of the north (laughter) I have only in conclusion, to allude to two projects which have been frequently discussed at your meetings—one, the inter-colonial

railway, from the eastern extremity of your Railway to Halifax, and the other, the proposed telegraphic and postal routes between the extreme western boundary of Canada and the Pacific Ocean. With regard to the latter, I am happy to say that I have been informed that the Canadian Government have proposed, by a Minute in Council, very wisely, and as statesmen, as I think, to submit to the Canadian Parliament, a proposition for giving an annual subsidy of 50,000 dollars, to assist any matured plan for telegraphic and postal communication with British Columbia, Vancouver's Island, and the Pacific. This will enable immediate negotiation with British Columbia, and with the Government of this country of a practical character, following up the mission of MM. Sicotte and Howland. I think that important question, so largely affecting the best political and commercial interests of Canada, in the present as well as in the, I trust, great future, may be regarded, therefore, as making rapid and favourable progress, and that we may hope that the project will be perfectly realized without any serious loss of time, considering the importance of the undertaking. Then, with respect to the inter-colonial railway, the legislatures of Nova Scotia and of New Brunswick, have before them at this moment, I believe, bills authorizing them to make appropriations for their share of the guarantee on the capital necessary to construct the portions of railway required to complete the connection between Halifax and River du Loup, and these bills are expected to pass. With regard to Canada, I am sorry to say there is a difference of opinion upon a proposition of Mr. Gladstone, our excellent Chancellor of the Exchequer, who has annexed to the proposal for the loan, a condition as to creating a sinking fund. It was proposed that the Imperial Government should, upon the guarantee of the three provinces, raise the sum of money necessary to complete the railway, and that the first repayment should be made at the end of ten years, the whole to be repaid by the end of fifty years. Mr. Gladstone considered, however, that in addition there should be a sinking fund, but he would have allowed it to be invested in Colonial securities which would

have yielded nearly double the accruing interest which an investment of the fund in consols would have given. That has, nevertheless, given rise to a question which is still being discussed, and is unsettled, between the Government of Canada and the Imperial Government, in reference to that detail. At the same time I may say, that the discussion of this question also has made considerable progress, and it is, I trust, now admitted both in the mother country and in the provinces, that the project is as essential for the commercial and industrial communications of the country as for its military defence; and all those who wish to preserve the connection between Canada and the crown of England, should desire that the day may not be far distant when access to Canada for purposes of friendly commerce or for mutual defence, may be made possible all the year round through British territory. The report of the Royal Commission upon the defences of Canada, which was made to the Governor-General last September, corroborates this necessity; after noticing the existing means of communication between Canada and England during the season when the navigation is closed, and pronouncing the present lines of communication to be "not available during hostilities," the Commissioners conclude by expressing their hope "that some arrangement will soon be come to, through which an undertaking so important to the British North American Provinces (as the "Quebec and Halifax Railway) may be carried out."

But pending these discussions, unfortunate so far as they delay the completion of the works, there is a serious, and I may say a momentous subject, almost forced upon our consideration. I mean that of intercourse with the great Western States of America. The great food producing, or Western, States of America desire, and apparently have determined, to render the means of access between their vast producing districts and the food markets of Europe more commodious and more economical. Naturally, the chain of lakes and the basin of the St. Lawrence form their shortest, easiest, and cheapest, route to the Atlantic, and to Europe. But political associations, which often turn, or seek to turn, the current of the plain promptings of nature, have transferred to the Erie canal and the port of New

York a traffic which otherwise fairly belonged to the route which nature herself laid out upon the subsidence of the great waters which once covered the west. The farmers of the west complain that the existing means of transit do not keep pace with their production of food, so that now, they say, it takes seven bushels of grain out of eight to take the eight to England or Europe. Recently, viz., on the 24th February, there has been a meeting of the Chambers of Commerce and other public bodies at Chicago, including important and influential delegations from the States of Wisconsin, Illinois and Iowa, and a resolution was passed which I shall now read to the meeting :—

“*Resolved*—That we give a cordial and emphatic endorsement to the recent action of the Legislature of Illinois in empowering the government thereof to appoint a committee to visit the Provincial Government and Parliament of Canada, and the Government of Great Britain, if deemed advisable, and to respectfully urge upon those bodies the importance of opening new or enlarged channels of communication between the great lakes and the Atlantic, for the outlet of western products, believing that the establishment of close commercial relations would be the surest guarantee of an enduring peace.”

Now, I look upon this as a message of peace between the western states of America and the people of this country, involving far more than we can at present predict, or which can now appear, involving very largely increased commercial intercourse, perhaps a happier political connection between the two countries, for the west is a country and a great one; and if it should be carried out effectually, either by widening the Welland Canal, which connects Lake Erie with Lake Ontario, or by cutting a canal across the peninsula from Lake Huron, or by connecting the lakes south of Georgian Bay with lake Ontario, or by adopting the Ottawa route, so as to secure the principal summer communication for large ships all the way by water from Chicago or Milwaukee right through to Europe; and also by a communication for the winter and for passengers by railway to Halifax, the interests of Canada will be

served, and the Grand Trunk main line must secure a large increase of useful and profitable business. This, I believe, would result. Such highways, made permanent through Canada, and open to all the world, would lead to a settlement of commercial relations of a larger character; for, in fact, the business interests of the whole of the North American provinces, and the business interests of the Western States, would be thus linked together, the railway which, by your sacrifices, has been constructed through the Canadian provinces forming no small or unimportant element in so great a work of peace and progress. (Cheers.)

Mr. T. BARING, M.P., seconded the motion.

Mr. MERCER said, that when he attended last year, the President did not then occupy the chair; but he believed that the proprietors in putting the chairman in his present position had done that which would very much promote the interest of the Grand Trunk of Canada (hear, hear). He had great pleasure in saying that having gone through the whole accounts very carefully he was exceedingly pleased with them, and he had examined them, having had very great experience in railway matters. He looked upon the accounts as being most satisfactory. There was one item as to which he desired to have a word of explanation. It was stated that they had earned a sum of £106,000. Of course they could not expect to get blood out of stones, but he thought that the expenses for renewal which were charged to revenue ought to have been paid from a reserve fund or by loan. He observed that nothing had been stated in the report as to the interest now due on the 1st of this month to the preference Stockholders. He did not suppose that the Company intended to pay it at once, but he thought that that ought to have been stated. There was another question which he wished to put, and it had reference to the securities held by the creditors. If he understood the matter rightly when the postal arrangement was intended to be carried out, these securities amounted to a larger sum, but that a considerable portion had since been sold, which was much to be deplored. He wished to know how much still remained unissued, and in the control of the directors. He felt bound in conclusion to

repeat, that he was very much pleased with the accounts that had been placed before them. The Company had great difficulties to contend with, but he thought that the directors had done all that could have been done for the interests of the concern. He believed that they would continue to do so, but they should give them time. In appointing Mr. Watkin chairman, they had certainly put the right man in the right place (cheers).

Mr. COULSON said, he quite concurred in what had just fallen from the hon. proprietor. It gave him great pleasure to hear a gentleman of such experience express such an opinion in reference to the report. For himself he was also perfectly satisfied with it, and he thought that they should hold up their heads as their prospects were brightening, and they would have better times hereafter. He was much pleased too, that they now paid in cash for the materials which they required, and he threw out as a suggestion for the consideration of the board, that he understood the East India Railway Company had entered into large contracts for supplies, and that they bought in this market.

Mr. CONYBEARE said, he wished he could take as *couleur de rose* a view of the affairs of the company as had been taken in the speech just heard. He quite concurred with what the hon. proprietor had stated, that in putting the chairman in the position he occupied they have put the right man in the right place. The speech which the chairman had addressed to them was one of the most talented that he had ever heard, particularly when they remembered the circumstances by which they were that day surrounded. For his part, however, he should say, that he looked upon the report with feelings of very considerable disappointment. He did not think that the roseate hues which had been thrown over the future by the chairman, were at all borne out by the circumstances in which the company were placed. There was one thing he found upon the face of it which was so manifestly incorrect, that it ought not to have emanated from the distinguished individuals who composed the board of directors. The report stated that the net balance amounted to £106,000, but when he looked into it he found that

£106,000 was not the net balance at all, and that before it came profit they had to deduct a sum of £14,000 or thereabouts, and which sum ought to have been included amongst the losses. Deducting that sum the fact was, that the profit for the last six months was smaller than it was for the corresponding period of last year. If they had made a greater loss on the difference of exchange, that ought to have been deducted before the balance of profits was ascertained, when he looked forward to the future and considered the enormous expenditure to the great increase to the capital amount, and remembered that half-year by half-year fresh accumulations were getting up, he very much feared that a very long period would elapse before the shareholders could get sixpence. It seemed to him that the prospect before them was anything but promising, and that instead of overtaking the accumulations of capital, they were gradually seeing themselves pushed further and further from any participation in the profits; but that was a question for the shareholders themselves, and which he supposed that those who are more interested in the shares than he was (hear, hear), and who had therefore more right to speak upon the subject would express their opinions, but it seemed to him that the shareholders must be disappointed with a great deal that had been said that day. These were all serious questions which showed him that that report ought not to be received and adopted that day, as it seemed to be determined that the meeting should be adjourned for a future day owing to the arrangements with the postal subsidy not being completed, he had to suggest that the report be laid upon the table until the next day of meeting. They would then have an opportunity of getting information as to the main points which had not been explained in the very talented speech of the chairman, and which required elucidation. The meeting should consider, that in adopting the report, they made themselves parties to every statement it contained. They adopted those statements, if they were deceptive they unwillingly and unconsciously became parties to deceiving others. (Cries of "order"). Many parties, he was sorry to say, had been deceived by reports emanating from the

other side of the table. He did not say that the directors had knowingly and wittingly deceived them, but this he did say, that they must have deceived the shareholders through their own carelessness. If that had not been so, the Detroit and Sarnia lines would never have been adopted, and many other things of the same sort would never have taken place. The printed circular, for instance, which he held in his hand would never have been put forward, if the persons who got it out had informed themselves as to the transactions with respect to which they spoke. Under these circumstances he proposed as an amendment, that instead of the report being adopted it should lie on the table until the next day of meeting.

The CHAIRMAN—Does anybody second the amendment ? (cries of no, no, and a pause.) Mr. Conybeare, I have no wish to see your amendment not put, have you a seconder ? (Mr. Conybeare shook his head.) Well, as there is no seconder, I have only to put the original resolution. Before doing so, I beg in reply to Mr. Mercer's observation to call his attention to clause 18 of the Grand Trunk Arrangement Act. In order to save Mr. Mercer's time and the time of the meeting, the Secretary, after it is concluded, shall explain the clause to him, and I am sure he will be satisfied that he is labouring under a slight misconception. With regard to the other question which is one of considerable importance, namely, the quantity of 2nd preference stock held by the company, you will remember that I stated the total amount, and as regards the 2nd preference, it amounted to about £280,000. One of the creditors, however, sold 2nd preference bonds to the amount of £153,100 upon the repudiation of the postal subsidy, and therefore all the 2nd preference bonds that the Company have still control over amount to £122,866. With respect to these they are mainly held by secured creditors. I mentioned that arrangements were in progress which I trust will be carried to a successful result, the Arbitration Bill being passed for the release of these securities. If they are, then all these securities and their value will be available for the permanent capital purposes of this company, and it will be for you to

say at the adjourned meeting how far these securities are to be used for these purposes.

The resolution was then put and carried unanimously.

The CHAIRMAN then moved the re-appointment of Mr. Taylor and Mr. Morland, Auditors, resident in Canada, also the appointment as Auditor of Mr. Newmarch, resident in England. He said in reference to this resolution, I wish to state that although only one of the Auditors resident in Canada should go out of office on this occasion, they both wished to submit themselves to you for re-election, or for the substitution of other persons in their places. With regard to the appointment of an English Auditor, we have with some difficulty persuaded Mr. Newmarch to act in that capacity. He was good enough to take charge of a most difficult matter of audit which had to be provided for before this meeting was called. I thought as we were calling in, for the conversion or registry, the Bonds of the Company, the opportunity was an excellent one to have a thorough audit of that portion of the Capital Stock, and Mr. Newmarch has superintended it. We have, I am happy to say, prevailed on Mr. Newmarch to act as auditor, and we are greatly indebted to him for the labour which he has devoted to the complicated duty which he undertook (hear, hear).

Mr. BARING, M.P., seconded the resolution.

Mr. WALKER said, before the resolution was put, there was a matter which he wished to submit to the attention of the Chairman and to the meeting. He saw by the account that a sum of £70,000 had been paid for renewals of the railway during the last half-year, and that that sum had been charged to revenue. He wished to inquire whether there was a probability of similar expenditure in future half-years being charged to the same account, as it was a matter on which considerable difference of opinion prevailed, and his own opinion was that it ought not. He also saw a very large amount transferred to the capital account under the head of interest paid to the 31st December, or accruing and to be capitalized. It might be considered a delicate question, but he desired to know

what was the rate of interest paid upon these debts, and whether it was above 5 per cent.?

The CHAIRMAN—I can assure the hon. proprietor that there is no question too delicate to be answered at a meeting of shareholders—there are no secrets in a joint stock concern that do not belong to the proprietors. (Hear, hear.) With regard to the interest that he has spoken of, the rate charged on the debts due in Canada has been the Canadian rate of 6 per cent., and on those in England the ordinary rate of 5 per cent. Now, with respect to the subject of renewals, I have already admitted that it was a grave question whether the expenses ought to be charged to current revenue, but the road must, as far as our means go, be kept in order. I am aware that there is considerable difference of opinion on the subject, but at the time the expense was incurred, the Company was in the position of having no capital to go to. If I have no cash but that which is derived from the revenue, how can I carry out works except out of revenue? and if these works must be done, of course the revenue must pay for them. But I may say that we look forward to providing funds to be realized by those securities which are held by our secured creditors. The giving of them up depends upon the Postal Arbitration Bill, and upon arrangements now, I repeat, in progress, and which, it is to be hoped, will be carried to a successful termination. I purpose to call you together on the 11th June to consider the whole question, and if you think that it is better those expenses should be borne, not out of revenue, as I recommended, but partially, at least, out of the realized securities, or a reserved fund, this question shall be laid before you, and it will be for you to decide. (Hear, hear.)

Mr. ADAMS inquired whether the particulars of two large items in the balance sheet, namely, the names of the creditors for loans on security and other loans £1,556,000, and outstanding liabilities in Canada £688,000, would be laid before the adjourned meeting. The Railway had been finished for two years, and he did not think there could be any objection to lay before the proprietors the names of those large creditors.

The CHAIRMAN—Following the principle I before laid down, I have no objection to answering the question, either now or then. It will be perhaps more regular then, and it shall be then fully answered, but I will answer now if it be desired.

Mr. ADAMS—Will the particulars be published before the meeting?

The CHAIRMAN—We do not think it necessary to publish a list of creditors, which any *bona fide* holder may see when he likes, as we have nothing to conceal. Mr. Adams will be perfectly satisfied.

Mr. PACKER—Since you do not object to answer delicate questions, but, on the contrary, say that there is no question too delicate to be answered at a meeting like this, may I inquire whether you will be able to pay the first preference bond-holders in July?—(laughter).

The CHAIRMAN—The Hon. Proprietor is right; there is no question too delicate to be answered at a meeting like this; but the same observation does not extend to a prophecy. I can only tell him that we shall use our best exertions to increase the net profits as much as possible, and if we fail we shall have a good reason to give.

The resolution for the appointment of the auditors was then put and carried unanimously.

A PROPRIETOR said, that the debt due by the Company, and which amounted to a million and a half, lay like an incubus upon it. He was a first preference bondholder from the beginning, and he was willing to give his quota towards getting rid of that incubus as soon as possible. He therefore moved, the appointment of a committee to confer with the principal creditors and bond-shareholders, with a view to propose to them a payment of 10s. in the pound in cash, charged on the best security the Company could offer.

The CHAIRMAN said, he supposed the Hon. Proprietor put that question owing to a very silly letter which had appeared in a morning paper. The Hon. Proprietor was a million and a half better

off than he seemed to imagine. He appeared to think that it was necessary, besides devoting the postal payments to the creditors, also to pay a million and a half in cash before any interest could be paid on the preference bonds. This was not so. He had to inform him, however, that that large sum was provided for out of the postal revenue which had been set aside to pay it—(hear, hear)—and he feared no difficulty of the kind, unless it affected the small amount of debt still due in the United States.

The PROPRIETOR said, that the postal subsidy would be a long time getting rid of the debt.

The CHAIRMAN—There were many things connected with that subject, which, pending the arrangement now in course of negotiation, it was not necessary to discuss. On the 11th June, however, the matter would be fully gone into. The Hon. Proprietor was not in the difficult position he seemed to think. This he desired particularly to mention. It had been said by one of the speakers, that the shareholders had little interest in the settlement of the postal subsidy. When they met again, he would show that the shareholders had, and would continue to have, a most vital and enduring interest in the postal subsidy. He now declared the meeting to be special for the election of directors. The directors who retire by rotation were—Mr. Chapman, Mr. Ferrier, Mr. Potter, and himself (the Chairman), and he had to propose their re-election accordingly. A notice had been given by Preference Bondholders of their desire to have Mr. A. W. Young and Mr. James Caird, M.P., appointed. The directors would be most happy if there were vacancies to have these gentlemen amongst them, as they were both men of very high standing and position.

Mr. SALISBURY thought that the directors must be proposed separately.

The CHAIRMAN having consulted Mr. Swift, the Company's Solicitor, who ruled with Mr. Salisbury, assented.

Mr. SALISBURY then proposed that Mr. Watkin be elected a Director of the Company. (Cheers.)

Mr. MORRIS seconded the resolution, which was carried by acclamation.

The CHAIRMAN—I am much obliged for this token of your confidence. The position in which you have placed me is one I did not originally seek, or would now seek, for it is one of great responsibility and anxiety. I assure you that it will give me more anxiety than it can possibly give you, if I do not succeed in the efforts I may make in discharge of the duties of the office in successfully promoting your best interests. (Cheers).

The Hon. JAMES FERRIER, as the Canadian Director, was then re-elected a director unanimously and amid cheers—the Chairman expressing his sense of Mr. Ferrier's most valuable services.

The CHAIRMAN then proposed the re-election of Mr. W. Chapman.

Mr. BLAKE seconded the motion.

Mr. SALISBURY said, the time is now come for raising a question which has been alluded to by the Chairman, and when we are to consider, whether we should re-elect Mr. Chapman. I am quite sure he will believe me, when I say that I have no personal feeling of any kind in this matter. I do not know that I have ever spoken to Mr. Chapman in my life, but he has been first secretary, and then a director of the Company from its commencement. I do not, for a moment, wish to intinate in any remarks I am about to make, that I doubt the fitness of Mr. Chapman for the position of director, not for a moment; but I think the time has come when the gentlemen composing this body, who have 15 millions of money expended on a railway in Canada, should avail themselves of the opportunity of bringing new blood to the board. That is the principle upon which I have always been so ready to support the election of Mr. Watkin. He is a new man, and I am glad to think that my friend Mr. Potter is also new at the board; but Mr. Chapman has been here from the first, and, without for a moment implying that he has done anything wrong, either by design or through accident, I am sure he will agree with me in the general principle, that when shareholders or bondholders have an opportunity of bringing in a new man and inaugurating a new policy, they should avail themselves of that opportunity without

fear or favour. I see that Mr. Chapman nods assent to that, that is upon the general principle. And now to the particular case. If the general principle be good, and he assents to it, then in this instance he has been with us from the first. I hope he will, without a moment's hesitation, get up and second the nomination of the gentleman I propose. (Laughter). Mr. Young is a gentleman holding the highest position, and he has been chosen as a candidate by gentlemen who have had a pledge given to them, that when an opportunity came, the preference bondholders should have the nomination of a gentleman to sit upon the board. The preference bondholders represent something more than three millions of property in this Company, and they have nominated Mr. Young, and Mr. Jas. Caird. We have, however, no intention now for two reasons to press the nomination of Mr. Caird. He is now on the Continent, and he has had the misfortune to lose his wife, who is but recently deceased. So we cannot now press him to serve. The next is that we should have to replace Mr. Potter, who is a new man, and a tried man, and therefore we have made up our minds in conference, not to nominate Mr. Caird now, but to nominate Mr. Young, who has undertaken to act if appointed. For my own part, I believe and have every confidence that he will give his attention to promote the interest of this Company, that he will aid the Directors in bringing the Company out of its present difficulties, and placing it on a firm and satisfactory basis. Mr. Salisbury concluded by proposing the appointment of Mr. Young.

Mr. MORRIS seconded the motion. He could not say that a bargain had been made, that the preference bondholders should have the appointment of a director, but there had certainly been an understanding to that effect. The arrangement act of 1862, expressly provided giving the bondholders votes, and thereby led the way to such an appointment. He did not want to raise a preference bondholder's question against a shareholder's question, or to put one class against another, but he felt that they ought to seize the present opportunity to fill the vacancy in the manner proposed in the resolution. Mr. Young was a gentleman of the highest

possible position, and of great ability. His father was a solicitor, well-known in London, and he was brought up under his father's tuition, though now retired from business upon an ample fortune. If appointed, he would give his time and attention to the interests of this Company. He hoped his friend Mr. Chapman knew him too well to think him capable of having any personal motive in the matter. He altogether disclaimed being actuated by any personal feeling whatever.

Mr. NEWMARCH said he had not intended to address the meeting, further than to thank them for his appointment as auditor, but he could not let the present motion go to the meeting without saying a word in reference to it. Upon the general argument, he did not know that there was much to be said. It was, no doubt, very desirable that new blood should be infused on proper occasions into concerns of this kind, and there was a great deal of it already at the board, and all that was said in favour of Mr. Young was quite admitted; but when it was proposed on very short notice (hear, hear), to supersede so valuable a director as Mr. Chapman, he did not think the proposition ought to be accepted. (Hear, hear.) They were asked to get rid of a tried and valued servant, and he hoped the meeting would hesitate before they adopted the proposition. He had seen something of the affairs of the Company for the last two or three years. He was obliged to say that from no one did the committee of share and bond holders receive such constant and valuable assistance as from Mr. Chapman. (Cheers.) He had most extensive experience in Canada, and was also well known as a man of business; and he could assure the meeting on his own personal testimony that, having had extensive opportunities of observation, their affairs had passed through severe scrutiny, and they had been well and faithfully served by the gentleman now before them. Under these circumstances, and when the policy inaugurated two or three years since was found to be fairly working its way, he would suggest to Mr. Salisbury that it would be rather hard on Mr. Chapman, having done what he has done to carry out that policy, to be discharged, when it is now proving to be

successful. There would be plenty of opportunities of infusing new blood; but on this occasion he was sure they would not disregard Mr. Chapman's long experience and faithful services. (Hear, hear.)

Mr. MERCER said Mr. Chapman was thoroughly acquainted with their affairs, and he believed that his removal from the board would be a serious loss. He concurred in the general principle as to the infusion of new blood, but there had lately been a carrying out of that principle in the case of Mr. Potter. He did not know anything of the abilities of Mr. Young, but he would undertake to say that that gentleman could not bring the amount of personal knowledge to bear upon the affairs of the Company which Mr. Chapman could, and under these circumstances he would vote against the motion.

Mr. CONYBEARE said, he trusted that on this occasion no change of such a serious character as that proposed would be made. Mr. Chapman was an old and tried servant of the Company, he had given most valuable assistance to the committee, and had shown himself to be possessed of the qualities which were necessary in a director of a company which had to struggle against much difficulties as this had.

The CHAIRMAN: Perhaps I may be allowed to say a word on this question. I do not know, as a rule, that directors ought to interfere in reference to their successors. Mr. Young and Mr. Caird are both gentlemen for whom the Board entertain so high a respect, that if vacancies occurred we should be only too happy that they should be amongst us. With respect to Mr. Chapman, he is a very recent friend of mine, but I cannot speak in too high terms of his invariable courtesy, and of the great assistance I have at all times received from him. He this morning offered to place his resignation in my hands if I thought that it would at all promote the good of the undertaking. I said I was not prepared to accept the offer, which I considered was kind and magnanimous. It is for the meeting to consider the matter, not as a personal question, but whether the motion ought to be pressed after the pledge which I

am about to give. The first vacancy that occurs at the board we shall be happy to elect Mr. Young, admitting the right of the preference bondholders to have a fair share of representation on the board, no more and no less. If that assurance be satisfactory, I shall be most happy to give it.

Mr. SALISBURY said, that under the act of Parliament it was for the shareholders, and not for the Directors to elect members of the board, but he found that on all these occasions the directors hung together, and very probably he should not himself, if he was a director, turn his back on his colleagues. If the meeting chose to accept the pledge which was given in reference to the next vacancy, they might do so, but the circumstances might then be different, and Mr. Young might not then be a candidate. That was altogether a matter for the meeting. He had no feeling in the matter one way or another; his desire was to have the right man in the right place.

The CHAIRMAN: Am I to consider the resolution withdrawn on our pledge?

Mr. SALISBURY: I cannot withdraw anything.

On a show of hands, Mr. Chapman was elected.

The CHAIRMAN: I have now to repeat that we shall be only too happy to recognise the conditional promise that has been alluded to by Mr. Salisbury, in favour of Mr. Young on the first vacancy occurring.

A resolution declaring the meeting adjourned to 11th June, at 1 o'clock, was then adopted, and a vote of thanks to the Chairman and Directors, moved by Mr. Packer, seconded by Mr. Coulson, and passed by acclamation, terminated the proceedings.

NOTE.—On the following page is reprinted an article published in the *Chicago Tribune* of February 24th, 1863, and from which some of the figures quoted at page 11 of this Report were extracted.

LEADING ARTICLE FROM THE *CHICAGO TRIBUNE*,
FEBRUARY 24th, 1863.

The defeat of the bill in Congress to enlarge the Illinois and Michigan and the Erie Canals, has fixed the attention of the entire West upon the necessity of greatly increased facilities to transport her rapidly increasing products to the ocean. The meeting to be held to-night is in no sense, as charged by some eastern papers, a political movement. It is simply a continuation of the efforts inaugurated in 1855 by the Boards of Chicago, Toronto, and other cities upon the Lakes and the St. Lawrence, to call attention to the growth of the West, and to induce the opening of new and enlarged channels of transit to the ocean. Our commercial readers have not forgotten that a convention of delegates was held in Toronto on the 18th September, 1855, from Oswego, Chicago (Geo. Steele, and Wm. Bross, Esqs., delegates), Toronto, Barrie, the county of Simcoe, and other places, the result of which was a survey of the route between the Georgian Bay and Lake Ontario, by Kivas Tulley Esq., and Col. Mason of this city, shewing the entire feasibility of that route for a ship canal for vessels of a thousand tons burthen. The commercial crash of 1857-8 and the depression that followed, stopped the discussion of this and similar projects, but in the meantime the production of the West has gone on increasing, till the produce seeking transit to the ocean has completely clogged up all our avenues, and freights have become so enormous that little or no profits is left to the producing classes. To make this enormous increase the more evident, we present the following statistics taken from our commercial tables heretofore published.

Total receipts of grain (flour into wheat) for four years :

						Bushels.
1859	...	...	...	...	...	20,008,223
1860	...	...	...	...	...	36,504,772
1861	...	...	...	...	...	54,093,219
1862	...	...	...	...	...	58,619,194
Total shipments of grain (flour into wheat) for four years.						
1859	..	..	...	...	...	16,753,795
1860	...	...	...	...	...	31,256,697
1861	...	...	...	...	...	49,363,381
1862	...	...	...	...	...	55,720,160

Total receipts of hogs (live and dressed) from October 1st to February 21st, for three years :

Season 1860-61	...	...	...	...	...	324,770
" 1861-62	...	...	...	...	...	720,130
" 1862-63	..	...	...	...	..	1,198,924

The total packing of hogs this season will foot up over 800,000.

The total receipts of beef cattle from October 1st to February 21st for two years.

Season 1861-62	...	...	...	...	...	62,626
" 1862-63	...	...	...	...	...	87,926

The claims of the West having been ignored by Congress, all that we can is to furnish the facts and figures to Canada, and through her, if she choose to forward

them, to the parent Government, shewing the extent of the present and prospective resources of the West, and the legitimate effect to be hoped from the enlargement of the Welland Canal, or the construction of the Georgian Bay or the Ottawa Ship Canal, in accordance with the best interests of all parties on both sides of the Atlantic. Should these great commercial arteries, or either of them, be opened, New York would have no more right to complain and to demand that our vast products should pass through her hands than she had to ask that the cotton of the great valley of the continent should be shipped from her docks instead of those of New Orleans. What the West needs is direct trade with Europe, and both England and Canada will find it vastly to their advantage to remove all obstacles from one of the great natural watercourses of the continent, and give the vast commerce of the West the largest liberty of transit to the ocean. So far as Canada is concerned, the mere statement of the proposition carried with it the most convincing argument.

The statesmen of England are beginning rightly to appreciate the importance of the agricultural riches of the West to their own people. Statistics recently received show, that in round numbers England imported from other countries during the last year, of cereals one hundred and eighty millions of bushels. Of this amount, about one-third was received from this country; and Mr. Cobden, in a recent speech at Rochdale, stated that, had not this been received from America, all the gold in Lombard Street could not have bought it, for all the nations of the Old World had not the surplus to sell them. Hence it is that to England the food is vastly more important than the cotton question. *The freight to Liverpool now takes seven-eighths of the value of the corn shipped, that is, of eight bushels of corn starting from Illinois, it takes seven of them to lay the eighth down in Liverpool.* Reduce the freight twenty per cent., and England will buy a hundred and twenty instead of sixty millions of grain, from the West. And besides, if the Canadian canals be enlarged, cattle by the tens of thousands can be shipped alive to the Liverpool markets. The amount of pork, provisions, and other products that would seek a European market by the Canadian canals, were they sufficiently enlarged to bring down freights to a proper figure, is practically without limit. The rapid increase of Western products, as shown by the above tables, will continue to the astonishment of the commercial world, if these products find a remunerative market. Vast as they now are, the West has but just begun to pour her exhaustless treasures into the storehouses of the world.

But the mere opportunity to buy our products in tenfold greater quantities, and at greatly reduced rates, is by no means all the advantage that England and Canada would reap from the enlargement of her St. Lawrence canals. *The West wants, and is able to pay for, immense quantities of the manufactures of England, and their consumption would be limited only by the capacity of English capital and labour to supply the demand. Goods will come as return freight, and to pay for produce, and thus the channels of commerce would be always full.*

