

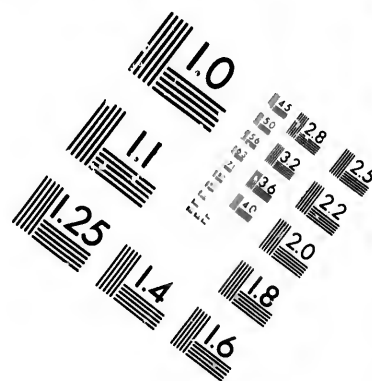
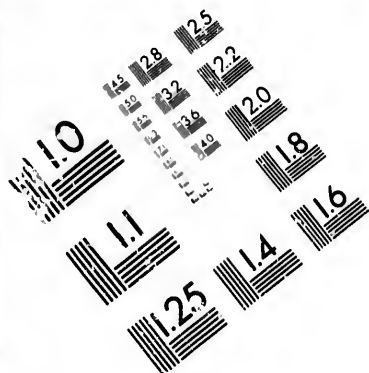
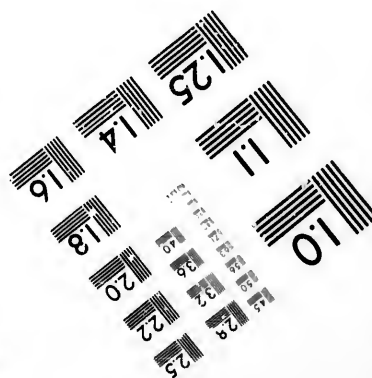
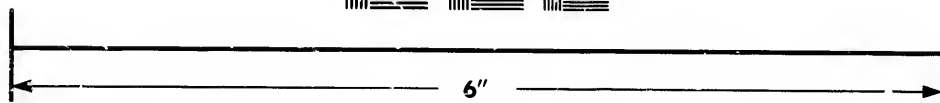
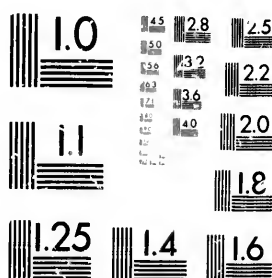


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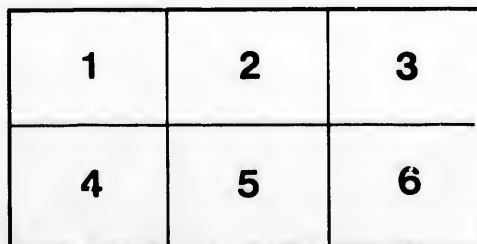
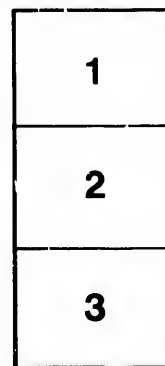
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GRAND TRUNK RAILWAY OF CANADA,
Managing Director's Office,

Montreal, 22nd Dec , 1873.

DEAR SIR,

I received on my return from New York, your letter of the 18th inst., and your subsequent letter of the 19th, asking me to make a correction in the last clause of your letter.

I regret that you have entered into this correspondence and served the protests on me which you have done, as I am quite sure that this style of work will not tend to bring about that harmony which, as I have so often before said, I think ought to exist between this Company and your Steamship Line.

I shall, in the hope that that harmony will not be unduly disturbed, avoid, as far as possible, referring to many of the expressions in your letter which are not of a character likely to do much good.

With that remark, and regretting that your letter should contain many expressions which it does, I pass in silence what otherwise I might be disposed to refer to.

I have read the protests which you have served upon me, three in number, and find that they contain statements, put in, I suppose, by the zeal of the lawyers you employ, which are neither courteous, nor correct as matters of fact. It is probably inseparable from documents of this kind, that they should, like lawyers pleadings, contain statements and averments which are not capable of proof, and which are speedily disposed of when the matters are brought to the inexorable logic of facts and truth. I think it is quite likely that the lawyers I employed to answer your protest, adopted the style which they found had pervaded those you had served upon me.

In regard to the question of your averment that there is an existing agreement between us, that we were only to carry 150 car loads of freight a week to Portland, I can only simply again deny, in the most explicit terms, that any such agreement ever was made by this Company. You quote certain letters which passed between yourselves and Mr. P. S. Stevenson, this Company's Freight Agent; but you are, of course, perfectly

well aware that those letters were simply in the light of discussions upon the subject, and were never intended to contain, as in fact they do not contain, any agreement whatever on the part of this Company, as to the quantity of freight that we were to take to Portland. Mr. Stevenson is not the officer of this Company who enters into engagements of the nature to which you refer, and of which you are perfectly cognizant, because subsequently to the date of the letters which you quote, members of your firm have been in telegraphic and personal communication with myself, upon the very subject which you say was settled by the letters which you have quoted; and I need hardly remind you that all important arrangements between our two Companies, are always arranged between your firm and myself, as representing this Company, the details, of course, being carried out subsequently by the proper officers of this Company.

This in itself disposes entirely of the greater part of your letter; but I must again remind you that long after the correspondence from which you have quoted, your Mr. Allan entered into both personal and telegraphic communication with me, upon the very subject of the capacity which your vessels would have from Portland.

At Mr. Allan's request, I saw him, I think on the 2nd or 3rd of December, about three weeks after the correspondence with Mr. Stevenson, and again the following day in your own office, when the whole question of the quantity of freight that was then accumulating at Portland, and the capacity of your steamers to carry freight from that port, was fully discussed between us. I told Mr. Allan then, that finding freight was going down so rapidly to Portland, I had stopped a week before the shipment of further freights from Chicago, and that all that would come forward after that, would be the completion of the lots which had been contracted for. I also stated to him that I should require to stop the issue of further bills of lading from places in Canada, until I saw some better chance than appeared then to exist to get freight forwarded from Portland.

Your Mr. Allan and myself discussed for some considerable time the capacity of your steamers, and calculated, after looking over the various ships comprising your fleet, the quantity of freight that two steamers a week would enable you to send forward. If I remember rightly, that figure was 300 car loads a week.

Mr. Allan promised, and as he subsequently informed me, carried out his promise, to communicate with his friends in Glasgow, with a view to getting two steamers a week put on, so as to carry off the freights that we were able to take for you to Portland.

I offered at those interviews to make an arrangement, both for the present winter and for future winters, to enter into obligations to load two steamers regularly every week at Portland, and to enter into arrangements

also, in regard to forwarding freight from places West of Montreal, by your steamers, during the season of navigation of the St. Lawrence.

Your Mr. Allan told me that he had discussed the whole matter with his brother—that they were, after that discussion, most desirous of making the arrangements which we talked about, and that they had cabled strongly to their friends on the other side to send out the ships necessary to supply the wants of the trade that was offering. It is therefore simply wrong in every sense to say that on the 3rd and 7th of November, an agreement was made, when in the first week in December I, myself, was discussing with the members of your firm the question of how much accommodation you would provide at Portland. I was, therefore, entirely justified in directing my lawyer to put into the protest the statement which he did, that no agreement was made with you as to the quantity of freight that should be forwarded weekly to Portland. and I don't know definitely yet what the final decision of your Company is as to the amount.

I must, however, remind you that so far, at any rate, you have gone very far indeed behind even your own idea of 150 cars a week from Portland. With the steamer that sailed on Saturday, four vessels have now left Portland for Liverpool, and the aggregate quantity of freight that they will have carried away, will not exceed, if it reaches 400 car loads, or an average of rather less than 100 per week.

According, therefore, to your own statement, you have fallen behind, in the four weeks, 200 car loads, or 2,000 tons of the quantity which early in November you talked about taking away. And I find that this winter, I must also remind you, that you are sending to Portland, knowing the quantity of freight that is there waiting for your ships to take away, the smallest, instead of the largest, of the vessels of your fleet. You have vessels which are capable of carrying 200 car loads and upwards of freight, and yet, knowing the quantity that was lying at Portland for you to transport, you send out a mail steamer whose capacity, I think I am right in saying, does not exceed sixty-five cars. You have, further, sent to Portland to bring the mails this way, one vessel, the *Hibernian*, which is able to carry 200 cars of freight; but instead of loading her at Portland, you send her off to another port, and in place of her, put on the *Scandinavian*, which carries about 125 cars only.

I think I am justified in saying, that there must be some reason other than the mere question of freight accommodation, which causes your people to adopt a course so extraordinary under the circumstances. The incapacity of the steamers you are sending out is, of course, one reason why freight is so rapidly accumulating, and when I stated, in the protest which I caused to be served upon you, that the accumulations were now no greater than they have been in past years, I was stating that which was a matter of fact.

I think it only necessary to say further upon this subject, that your statement in the letters to which I am now replying, that we have unloaded cars at points short of Portland, with freight for your steamers, is simply not correct.

If, during the last three or four years, there has once or twice been a deficiency of cargo for a particular steamer, it has arisen from your, as at present, forcing me to stop receiving freight for you, and then suddenly putting extra vessels into Portland without notice to us, when, of course, there was not time to get cargo for them from the West.

You must permit me also to say in regard to the next point mentioned in your letter, that I am only using your own language when I say that your proposition in regard to our paying the cost of running your steamers, is "simply ridiculous." We certainly are not prepared to undertake your business as steamship owners, and we might, with just as much reason, ask you to pay us the expense of carrying freight to Portland for your vessels, as you to ask us to pay the expense of your ships in carrying freight from Portland to Liverpool. We have no knowledge, or means of knowing, what the proper charges should be on a steamship, and therefore we should be acting entirely in the dark in the very unheard of arrangement that you suggest. I never before heard of either Railway Companies or Steamship Companies proposing in matters of through arrangements, that one party, or the other, should agree to pay all the costs of the connecting line, in forwarding freight which was brought to them without expense, by the other parties to the alliance. In regard to what you say in reference to want of outward cargo, as being the reason why you cannot send ships to Portland, I can only say that, having spent nearly a week lately in New York, I made it my business to go to the different Steamship offices, and ascertain what they were doing under similar circumstances. I found everywhere the universal statement, that whilst there were very large quantities of freight forwarded from this side, there was comparatively nothing coming from England, and that as a consequence steamers came out with almost no cargo from Liverpool, or Glasgow, to New York; but carrying from New York full cargoes to Liverpool or Glasgow. Every other Steamship Company, therefore, is placed in precisely the same condition that you are, and yet they find it to their interest to send their ships across the Atlantic light one way, rather than let them remain idle.

In regard to the question of rates, I have simply to say, that Mr. Allan, in the interview in the early part of this month, to which I have referred, stated that he had no complaint to make, whatever, in regard to the rates at which property was being carried on a through bill of lading. I have only further to add, with reference to that matter, that the proportions

upon which the through rates at which business is carried by our Railway and your Steamships, have been agreed upon from time to time by mutual arrangement, and the divisions which are now in force are those which have been so settled, and about which, as I have already said, your Mr. Allan told me he had no complaint to make.

In regard to the proportions of through and local business, I have only to say that your firm have always expressed an anxiety to secure a proportion of the through freight from Chicago, and have urged us to get as much of it as we could; and if I am not entirely misinformed, and I know that what I say is correct, your Steamship Company is now, and has been carrying from Chicago to Liverpool, through Baltimore, provisions and other property at through rates, which do not materially differ from those we carry at, in connection with your ships from Portland; and in regard to this question I may remark, that I am now carrying freight for Liverpool from Chicago, over our line between Detroit and Buffalo in connection with steamers from New York, on through bills of lading, on terms similar to those at which I have been carrying freight *via* Portland, and the steamers from New York are well satisfied with the arrangement, and readily carry off all we take there. I should prefer much taking this freight to Portland, if you would let me do so.

We have so far shipped for your steamers about 7,000 tons of freight from Canada by Portland, and could easily make that 7,000 tons four or five times as much, if you were in a position to forward it.

In regard to the question of stiffening cargo, which I see you refer to in your letter, I must say that I always accepted your statement upon that point as absolutely correct, not having myself any knowledge whatever upon the subject: but I am bound to say, that having conversed with many steamship people in New York, I was surprised to learn that they absolutely discarded the idea of there being anything else required to load a ship than boxed meats or provisions. One of the oldest and most experienced captains in the Cunard service, told me that he had frequently taken his vessel to sea with no other cargo than the class of provisions which usually come under the head of boxed meats from Chicago, and that he considered that such a load was all that any vessel required, and that he would never have any hesitation in going to sea without a pound of any other description of freight on board. The same statements were made to me in other quarters besides the Cunard Company.

I cannot conceive it possible that the "Allan" ships are constructed on different principles to those of the other lines running across the Atlantic, or that they require any different kind of cargo than that which other Companies find it perfectly possible to get along with.

I regret, of course, very much, the position in which the whole matter

is placed, aggravated as it is by the small class of vessels, apparently diminishing week by week in capacity, which you are sending out to Portland.

I repeat what I have previously said, that I desire, if it is possible to do so, to complete arrangements with your Company, which should be entirely and mutually satisfactory, and desire again to make the offer which I made to your Mr. Allen, to enter into arrangements at once to provide for two steamers a week, (at least 300 cars a week) at Portland, during the season of Winter navigation, and to become responsible, under a proper agreement, for any deficiencies of cargo,—you, on the other hand, being responsible for any deficiency of vessels at Portland.

As I have said more than once of late, we shall be ready next winter to probably double our capacity of taking freight to Portland, beyond what we have shown we are able to do this winter.

I regret, also, the position in which the matter has been placed, because it prevents the shippers in Canada from getting forward property which they desire to send. I am doing my utmost to relieve them from the embarrassment, and have now no doubt of being able to get vessels which will enable us to forward from Boston or Portland, freight from Canada on through bills of lading.

I should have preferred very much to have confined our arrangements for this business with your Company, but as you decline to provide the facilities which are necessary, I am bound in the interest of my own Company to get those facilities wherever I can. I have already made a contract to transport a large quantity of grain from Western Canada through Boston.

As I have said at the beginning of this letter, I shall avoid, as far as possible, anything in the way of expression which may be calculated to form an embarrassment in our future relations; and I can only say that so far as I am personally concerned, nothing would give me greater pleasure than to be able to conclude with your Company such an arrangement as I have indicated, and thus put an end to the difficulties which now exist.

Yours truly,

(Signed)

C. J. BRYDGES.

Messrs. H. & A. ALLAN.

MONTREAL. December 27th. 1873.

DEAR SIR,

We have received your letter of the 22nd instant, in which you take under review our communication of the 18th instant, written in reply to the counter protest served on us at the instance of your Company on the previous Saturday.

Before referring to the more important points in your letter, we deem it necessary to take exception to your remarks, that our protests contain any statements which are either not courteous, or incorrect as matters of fact. On the contrary, we were particularly careful in our correspondence to avoid adopting the intemperate tone and language which characterized the counter protest which was prepared under your instructions; and in the legal documents which we were reluctantly compelled, in self defense, to serve on your Company, we confined ourselves to the merest statements of incontrovertible facts necessary to establish that we were not responsible for the accumulations of freight and the consequent block, and to protect ourselves from losses and claims likely to arise therefrom for which we consider we should not be liable.

As, therefore, we do not find, upon examination of the legal papers we served upon you, or in the letter we wrote in answer to your counter protest, any ground whatever for your remarks upon the style of these documents, we think the reference you make to the mode in which you suppose them to have been prepared, quite uncalled for.

On the other hand, as you do not appear to dispute the fact that your counter protest is not equally free from the censure with which you visited our communication, and offer as an excuse for it, the fact of its preparation by your legal adviser, we are quite willing to accept that excuse: and as we have been careful to avoid giving cause for offence, we venture to hope that no further occasion will occur for any imputation of discourtesy. For our part, we have not only every desire to avoid using any expression that could give offence, but we are anxious for the most perfect cordiality and harmony in our relations with your Company, and it was only when we found that our interests were in danger of being seriously compromised, that we took the legal precautions we were advised were necessary. And we are pleased to find, on a second scrutiny, that their terms are such as to allow our legal controversy to be carried on without the necessity for any personal feeling.

In the face of the correspondence had with Mr. Stevenson in the

matter of traffic *via* Portland, we failed to conceive how you could possibly deny that an agreement had been arrived at between your Company and ourselves, by which, to quote Mr. Stevenson's own words, it was understood that we would not take from you "any more freight for Liverpool at Portland than the capacity of the regular Mail Steamers, which in figures was put down at an average of 150 cars for each steamer, of which 80 car-loads per week was all which you were at liberty to engage from all local stations and from the Western States."

We have always been under the impression that the General Freight Agent of the Grand Trunk Company had the power to make freight arrangements, and knowing for a fact that he habitually did so, we never previously for one moment imagined that understandings arrived at with him and placed on record over his signature, would be ignored, as is attempted to be done in the present instance. In fact, until our interview on the 3rd instant, all business transactions with your Company in the matter of Freight Traffic, since the retirement of Mr. Stratton, some twelve months ago, have been entirely arranged with Mr. Stevenson; and, we think we are correct in stating that, with exception of a letter received from you last spring, regarding wharfage charges on inward cargo at Portland, we have had no communication directly or indirectly with yourself, on matters of business, in the interim. Notwithstanding this, your communication now before us, conveys the first intimation we have ever had that Mr. Stevenson, the General Freight Manager of your Company, is not the proper officer with whom all Freight Traffic business should be arranged.

If it is your desire to repudiate agreements entered into with Mr. Stevenson,—and your language is too plain and explicit to admit of doubt on the point, it would be well that the general public as well as ourselves should be informed,—that contracts and engagements entered into with the General Freight Manager of your Company are only valid and binding at your pleasure.

In the present instance, it happens, however, that the agreement in question cannot be ignored on the ground that it had not come under your knowledge, for on the 22nd November you wrote us:—

"Mr. Stevenson has sent me a copy of the correspondence he has had with you, with reference to capacity of freight from Portland for the coming season."

"I am sorry you decline to give us the capacity at Portland that we require."

"I can easily load, if I have the vessels there, two ships a week from Chicago alone; but, of course, as you decline to give us the accommodation that we want, I can only take the necessary steps to obtain it in other quarters."

"We are sending down now more freight than your steamer can take away; but, of course, it must be quite understood that, as you decline to meet our wants, we are at liberty to make such arrangements as we please; and if, later in the season, your vessels fall short of freight, it will simply be your own fault and not ours."

The letter from which the above extracts are taken, incontrovertibly establishes the fact, that an understanding and agreement was had, not only with your Freight Manager, but with yourself, that we would not bring steamers to Portland other than those of the Mail Line, and that the tonnage by these vessels placed at the disposal of your Company, for traffic from all points West and from the Western States, was not to exceed eighty car-loads per week, the balance of the capacity of these steamers being reserved for the requirements of the trade from this city and from points on your road East of here; and that, as we declined to give you further accommodation, that you would take the necessary steps to obtain it in other quarters.

Having again established the fact, from a letter bearing your own signature, that an agreement as alleged in our notification and protest was entered into with your Company, four weeks before the date at which the first steamer sailed from Portland, limiting the tonnage at your disposal to eighty car-loads per week, we take up your statement that long after the correspondence from which we have quoted, Mr. Allan entered into both personal and telegraphic communication with you, upon the very subject of the capacity which our vessels would have from Portland; and your further remarks, conveying the impression that on the occasions of your personal interviews on the 3rd and 4th instants, it was under discussion to put on two steamers a week, so as to carry off the freight which you were able to take to Portland, and that our refusal to give you the extra vessels is the cause of the accumulation at Portland.

The *Scandinavian*, the first steamer of the season, sailed from Portland on Saturday, the 29th November. On that day our attention was first called to the fact that exporters in this city, with whom we had made freight contracts some two weeks previous, were unable to obtain cars for removal of their property, in consequence of the entire broad gauge rolling stock of your road being taken up, for the interchange of provisions and other goods from Western Canada and the Western States. With a view to obtain conveyance for the provisions and other cargo contracted for by us, and for which steamship capacity was reserved under the above agreement, and, if possible, to put a stop to further contracts in the West until our engagements were implemented, we, on the second instant, requested an interview, which, by your appointment, was had at our office on the morning of the following day.

It was then, for the first time, and from yourself, that we obtained

knowledge of the extensive contracts entered into by the Western Agents of your Company ; and of the fact, that such vast quantities of cargo were coming forward for shipment to Liverpool, as would necessitate the immediate stoppage of all further engagements of every kind, until relief was obtained. With a view to assist you out of this difficulty, we agreed to cable our Glasgow friends to learn whether they could see their way clear to send out extra boats, to aid you in your strait.

At this interview, arrangements were discussed for another winter's business, and it was in this connection that detail was gone into, to shew that next season, provided satisfactory arrangements between us were arrived at in meantime, we could be in a position to run a semi-weekly line between Portland and Liverpool, with an average carrying capacity of 300 car-loads per week ; but not with any view to undertake a service of that nature at this time. On the contrary, you were given to understand that in consequence of the *Sarmatian* and *Monitoban* being then under charter to the Imperial Government for transport service to the Gold-Coast, and of the *Moravian*, *Peruvian* and *Waldensian* being out of commission for lengthening and to receive new engines and boilers, it would be quite impossible, under any circumstances, to bring out steamers of our fleet this winter, other than the available vessels of our Glasgow Line. To satisfy you on this point, we need only recall to your recollection that in arriving at our estimate of a carrying capacity of 300 car-loads per week, we included in our calculations the *Sardinian*, *Moravian* and *Peruvian*. Not only is it well known to yourself, but it is a matter of public notoriety, that the *Sardinian*, now building, will not be in commission, till next summer, and that the alterations to the *Moravian* and *Peruvian* will not be completed for many months to come.

That on the 9th instant, six days after our interview,—you did not consider any promise to provide extra boats had been made, but that the whole matter hinged on whether our Glasgow friends could see their way clear to send out steamers, is shown by your telegram from Ottawa on that day, in which you say, "there will be a great row about the stopping shipments in Canada, and I really do not know what we are to do. Have you any advice from the other side?"—and by your telegram of the following day from Prescott Junction, in reply to our message advising "our Glasgow friends cable no inducement to send out extra steamers to Portland", in which you say, "I assume your message to mean that your people decline to supply any more steamers than the small ones you are now sending out as Mail Steamers. I regret you have taken this position. How can we make an arrangement for the future if you treat us in this way now?"

Apart from this, however, we fail to see how our refusal at the end of October, to bring out extra boats, again renewed on the 10th of Decem-

ber, is the cause of the accumulation at Portland, when in your letter you write that a week before our interview on the 3rd, you had "stopped the shipment of further freight from Chicago, and that all that would come forward after that would be the completion of the lots that had been contracted for;" and in your telegram of the 9th, from Ottawa, you say "that you had told Mr. Stevenson to stop taking freight from points in " 'Canada.' "

These facts, also incontrovertible, clearly establish in our opinion, that you were not "entirely justified in directing your lawyer to put into the protest, the statement that no agreement was made with you as to the quantity of freight that should be forwarded weekly to Portland; and that you did not know definitely yet (your letter bears date of 22nd December) what the final decision of our Company is as to the amount."

We may here state that bills of lading have this day reached us from your Freight Manager's Office, representing 182 car loads, or 1,820 tons, of through freight for Liverpool, of which 128 car loads are from the Western States, 49 car loads from points in Ontario, and 5 car loads from stations East of this city. From the fact that some of these bills bear date as late as the 17th, 19th, and even the 24th inst., it is quite apparent that your instructions in the matter of stopping shipments, to which allusion is made above, have been overlooked by more than one of your employees.

While Western shippers are afforded these continued facilities, the trade of this city during the entire month of December has been precluded from obtaining conveyance for property other than that contracted for prior to the 1st inst.; and we, ourselves, are actually refused a car to enable us to send to Portland about five tons measurement of goods, which we are anxious to ship by our own steamships to Liverpool.

With regard to your statement that we have gone very far indeed behind even our own idea of 150 cars a week from Portland, we would draw your attention to the fact that we never spoke of carrying 150 car loads each week, but an average of 150 car loads weekly—a very different matter; and that, with the takings of the *Polynesian* this week, this average will probably be reached,—and this without allowance for the unexpected delay of the *Nova Scotian* in the hands of her contractors, having at the last moment necessitated the sending out of the *North American*, our smallest carrier; or for the prospective takings of the two steamships we are in the custom of bringing out from the Clyde in the latter part of January in each season, and which on their return voyages are despatched to Liverpool.

As, however, the shipments of Western Canada and Western States cargo by these steamers, largely exceeded the weekly tonnage of 80 car loads at disposal of your Company, we also fail to comprehend how, under these circumstances, your position with Western shippers could be

in any way affected, even had our average fallen below 150 cars weekly.

In reference to your statement that, with the steamer that sailed on Saturday, the 20th inst., from Portland, the aggregate quantity of freight that they will have carried away will not exceed, if it reaches, 400 car loads, we would wish to record the fact that the actual takings of these steamers were :

Scandinavian,	-	-	-	-	-	-	-	-	148
Prussian,	-	-	-	-	-	-	-	-	130
Austrian,	-	-	-	-	-	-	-	-	115
North American,	-	-	-	-	-	-	-	-	97

—
an aggregate of 490 full car-loads,

or 900 tons over the quantity named by you ; and further, that had proper dead weight for stiffening and trimming purposes been available at Portland—for which we had made provisions here, but which you had failed to convey—this total would have been much exceeded.

Your statement that we have vessels which are capable of carrying 200 car loads and upwards of freight, is calculated to mislead, as there is but one steamer in our fleet, the *Polynesian*, with capacity at all approaching that amount ; and that your remark in the same paragraph, that we “brought out a Mail Steamer whose capacity does not exceed 65 cars,” is equally calculated to deceive, is shewn by the details of the cargoes which we have furnished above.

With reference to your remark that you merely stated what was a matter of fact, when you averred in your protest that “in some former years there has been as much Grand Trunk freight at Portland for said Steamship Company as at present, without any demand, protest, and complaint against said Railway Company,” we can only say that if you will name the particular year to which you have reference, we will undertake to prove, by figures, compiled from documents prepared by your own officials, and on record in our office, that your shipments in the aggregate this season more than quadruple the engagements made during the same period in the year you name ; and this, as stated in our previous letter, irrespective of cargo contracted for but remaining unshipped, and for which bills of lading are not in our possession.

As regards property lying at way-stations, we are prepared to establish, by the evidence of a person who passed over the line on the morning of Tuesday last, and who was instructed to obtain the information, that in the vicinity of 200 cars—about 2,000 tons—containing eastward bound freight, were then lying on the sidings between Island Pond and Portland,

In reply to your charge that if there has been deficiency of cargo at Portland in past years, it arose from our forcing you to stop receiving freight, as in the present instance, and then suddenly putting extra ves-

sels into Portland without notice, when there was not time to get cargo for them from the West, we may be allowed to say that, we cannot recall to mind that any extra boat was ever despatched from Britain for Portland, without our having first communication with you, to ascertain whether cargo could be forwarded, and having in reply obtained your assurance in the affirmative.

As to the mode in which you treat the offer we made to carry by our extra steamers any surplus freight you might take to Portland, we must say that we do not perceive the application of the arguments you use to shew that it was a ridiculous one. You reason upon it, entirely eschewing the fact that when we tendered our extra steamers to your Company, in the early part of November, free of any charge other than the actual cost of running them, there was then but little cargo engaged from Western Canada and the Western States; and as if, instead, we were in the position of having freight brought at our desire and for our benefit to Portland, which, therefore, we should have been under some obligation to carry.

If that had been the fact, we would have admitted that the proposition to make your Company pay for carrying it across the Atlantic would be ridiculous; but we cannot agree that that principle will apply where the facts are exactly the reverse.

The surplus freight was not only not carried to Portland for our benefit, but contrary to our express wish, and contrary to a clear understanding as to the quantity we could carry, under engagements made by your agents from points West of here.

We have no responsibility for it at Portland, and we are under no obligation to forward it.

We never held ourselves out as being willing to run more vessels than one per week from Portland outwards; but, on the contrary, distinctly declared our determination not to do so.

Under these circumstances, your Company accumulated this enormous quantity of freight at Portland, for some purpose, or with some motive of its own, with which we have nothing to do, and which we do not enquire into. It is sufficient for us to know that the accumulation of the freight in question, was brought there to serve the purposes of the Grand Trunk Railway Company in some way or other, and not only without any encouragement on our part, that we should be able to take it away, but absolutely against our distinct declaration that we could not do so.

Upon whom then, should the expense of carrying that freight to its destination fall? Upon us who are under no obligation to carry it, who did not desire that it should be brought to Portland, and who protested against its being brought there? or upon the Railway Company which, for its own purposes, and it must be presumed for its own advantage, brought it there, with the knowledge that we could not take it away?

If it is to be carried forward at a loss, who should bear that loss? Your Company which unauthorizedly and improperly brought it there, or our Company which had previously notified your Company of its incapacity to carry it, and had taken ample means to prevent the possibility of your expecting we would carry it?

The answer, which any impartial person would give to these questions cannot be doubted for a moment. It is the Railway Company who caused the difficulty, who should bear the loss if there is to be any; and not the Steamship Company, who have not participated in bringing about the difficulty, but who did their best to prevent it.

We did not ask you to pay the expense of carrying freight from Portland to Liverpool, brought to *us* at Portland free of expense, as you suggest in your letter; but, instead, we offered you the use of our extra steamers, for the mere cost of running them, free of charge for hire, interest on capital employed, or for sea risk, for the sole purpose of carrying from Portland to Liverpool the freight which your Company was anxious to bring there for its own purposes from the Western States, in excess of the capacity placed at its disposal by the steamers of the regular Mail Line, and for which we would have no responsibility whatever.

When you state that the New York Steamship Companies are placed in precisely the same condition that we are, and yet find it to their interest to send their ships across the Atlantic light one way, rather than let them remain idle, it must surely have escaped your notice that, in our communication of the 18th instant, we informed you that the minimum rates from New York were 55s. stg. on through provisions, and 60s. stg. on local shipments; whereas, the freight accruing to our steamers on Western States provisions, taken to Portland by your road, was only 24s. 10d. to 27s. 8d. stg. per ton.

In arriving at your conclusion, you must also have overlooked the facts that the steamers to New York have a larger local inward trade than is available to us, and that where in their case, the bulk of the freight is net to the ships, in the case of our steamers these earnings are reduced by the large proportions payable to your Company for conveyance of the goods to destinations.

You have doubtless also neglected to take into account the large sums received as passage money, on both the inward and homeward voyages of the New York boats, and which are simply enormous, in comparison with our revenue from a similar source, during the winter months.

As a proof of the excess in earnings obtained by vessels from New York over those of steamers from Portland, we may state that our sailing ship *Strathearn*, which left New York for Liverpool on the 5th inst., had a net freight list of £5,447 14s. 9d. stg.,—a sum exceeding by up-

wards of £700 stg., the freight earnings of any two of our Mail Steamers which have sailed from Portland this season.

In reference to your statement regarding the question of rates and proportions, we regret being obliged to take exception to the construction you have placed on our conversation on that point. Our Mr. Allan did not express himself as satisfied either as regards the one or the other. On the contrary, you were informed that entirely new arrangements would require to be entered into before opening of another season of St. Lawrence navigation; and it was this very declaration on the part of Mr. Allan, coupled with an expression of disappointment, that Mr. Stevenson had not ere that time, as promised, placed us in possession of minimum rail rates, to enable us to prepare tariffs as the basis of a new agreement, which brought about the conversation in regard to running semi-weekly steamers next winter, to which allusion has already been made.

As regards the alleged expression of desire on our part, in former seasons, to secure a proportion of the through freight from Chicago, we may be permitted to state that it was never our wish to compete for this traffic, excepting when the offerings from Canada were too small to secure full cargoes for our steamers. It is unreasonable to suppose we would be anxious for business from the Western States, when cargo from Canada has always proved more remunerative to our Company.

The point in your letter which next comes under our notice is certainly not the least remarkable of your statements. You write that if you are not entirely misinformed, and further that you "know what you say is correct," that our Company is now, and has been carrying from Chicago to Liverpool, through Baltimore, provisions and other property, at through rates which do not materially vary from those your Company carries at, in connection with our ships from Portland. When we read this paragraph in your letter, we were of the opinion that not one single ounce of Chicago through cargo had been carried by the steamers of our Baltimore Line this season, and on reference to the freight lists of the steamers which had cleared up till that time, we found our impression was correct. We at once telegraphed our agents to ascertain whether the *Canadian*, then loading at Baltimore, had any freight from Chicago, and if so, to learn what were the through rates, and the divisions between the inland and ocean carriers. Our agents replied: "First Chicago through goods, this season, go per *Canadian*. Provisions, ocean sixty cents, land fifty cents, gold." This rate of \$1.10 per 100 lbs., Chicago to Liverpool, is \$20 better than the rate at which the bulk of the provisions for shipment via Portland has been contracted for by your Company; and the proportion accruing to the steamers is 55s. 3d. stg. per ton, Baltimore to Liverpool, against 24s. 10d. to 27s. 8d. stg. per ton, Portland to Liverpool; or, in other words, the

earnings of our steamers from Baltimore on Chicago through goods, are more than double the earnings of our steamers from Portland on the same traffic.

You further state that you are now carrying freight from Liverpool for Chicago, over your line between Detroit and Buffalo, in connection with steamers from New York, on through bills of lading, on terms similar to those at which you have been carrying freight *via* Portland, and that the steamers from New York are well satisfied with the arrangement, and readily carry off all you take there. As your information in regard to traffic *via* Baltimore has been proved erroneous, and as we are aware that the current rates from New York on business of this description is 55s. to the ocean carrier, we may possibly be pardoned if, before accepting your last statement as correct, we ask you to furnish particulars of the shipments to which you allude, and to name the through rates, as well as the divisions between rail and steamer, and the particular steamers which take the property from New York.

We are pleased to note from the paragraph in your letter which next comes under review, that ample cargo could have been obtained in Canada to load our steamers, as this admission establishes the point, for which we have contended, that there was no necessity, and consequently no excuse, for your Company entering into competition with the New York rail and steamship lines in the Chicago market, to the detriment of the interests which we represent, and to the neglect and injury of the trade of the Dominion.

In the matter of "stiffening," it appears to us that you are venturing beyond your province when you either undertake to instruct us as to the proper manner of loading steamers, or to question our right to furnish our own steamships with such quantities, and such particular descriptions of cargo, as, in our opinion, is best suited to their requirements.

Touching this matter of "stiffening," however, we are free to admit, and we never questioned the point, that, as a rule, the steamers from New York require less dead weight than do our steamships from Portland; but this is simply because with them, cotton, or other descriptions of light property, is nearly always available for 'twixt deck cargo,—and consequently less weight is needed either for stiffening or trimming purposes. But we must again be pardoned, if we venture to dispute that steamers are sent to sea entirely laden with box meats, and if, under this conviction, we take the liberty to challenge the experienced Captain in the Cunard service to name the particular steamer, and her date of sailing, which crossed the Atlantic, under his command, laden as described by you.

No one can regret more than do we, the present unfortunate position of affairs between our Companies,—brought about, as we think we have proven, through no fault of ours; and you are not more desirous than we are, of entering into arrangements for the future, which under proper

restrictions and guarantees, may not only be mutually beneficial to the large interests which we separately represent, but which may also be advantageous to the trade of this country. To this end, setting aside our present differences for settlement upon their own merits, in such manner as may hereafter be determined upon, we are prepared to enter into immediate negotiations for future business, not only as regards freight, but in the matter of interchange of passenger traffic as well.

In concluding this letter, we would repeat what we have said in the beginning, that it has been our endeavour in conducting this correspondence to avoid all expressions that might tend to give offence, and that our earnest desire has always been, and now is, that cordiality and harmony should exist between our Companies.

We are, dear sir,

Yours faithfully,

H. & A. ALLAN.

C. J. BRYDGES, Esq.,

Managing Director,

Grand Trunk Railway Company,

Montreal.

