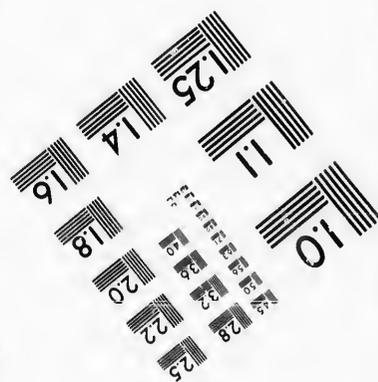
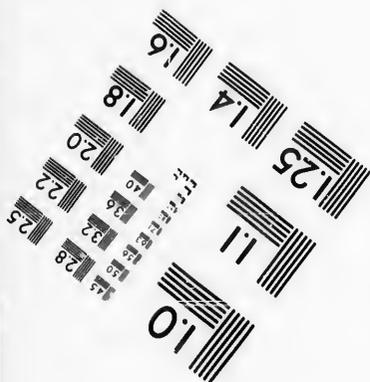
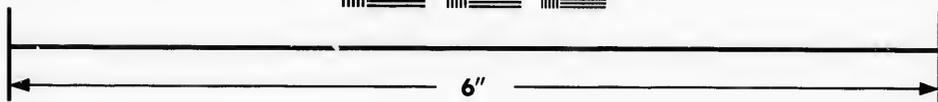
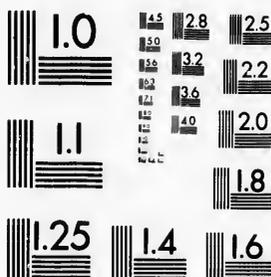


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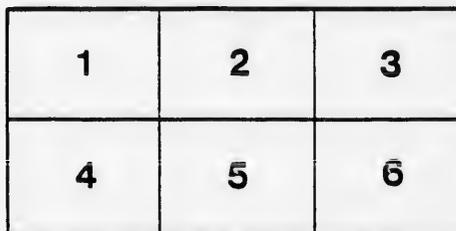
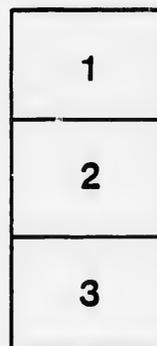
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GRAND TRUNK RAILWAY COMPANY OF CANADA.

VERBATIM

REPORT OF THE PRESIDENT'S SPEECH

AT THE ORDINARY

HALF-YEARLY GENERAL MEETING,

HELD AT THE

CITY TERMINUS HOTEL, CANNON STREET,

LONDON, E.C.,

On THURSDAY, the 6th October, 1881,

IN PURSUANCE OF THE FOLLOWING ADVERTISEMENT :

THE GRAND TRUNK RAILWAY COMPANY OF CANADA.

NOTICE is hereby given, that the **Ordinary Half-yearly General Meeting** of the Company will be held at the **City Terminus Hotel, Cannon Street, London, E.C.**, on **Thursday, the 6th day of October next**, for the purpose of receiving a Report from the Directors, and for the transaction of other business of the Company.

And Notice is further given, that the Transfer Books of the Company will be closed in London, from Thursday, the first day of September, to the day of Meeting, both days inclusive : and in Canada they will be closed for one month before the date of Meeting.

By Order,

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

Grand Trunk Railway Offices,
21, Old Broad Street, London, E.C.
23rd August, 1881.

LONDON :
WATERLOW & SONS LIMITED, PRINTERS, LONDON WALL.

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Grand Trunk Railway of Canada.

VERBATIM

REPORT OF THE PRESIDENT'S SPEECH

AT THE ORDINARY

Half-yearly General Meeting,

HELD AT THE CITY TERMINUS HOTEL, CANNON STREET, LONDON,

On THURSDAY, 6th OCTOBER, 1881.

Sir HENRY W. TYLER, M.P., President of the Company, having taken the chair, and

Mr. J. B. RENTON, the Secretary, having read the notice convening the Meeting,

The PRESIDENT, who was received with cheers, said :

Before proceeding to our ordinary business, I feel constrained, gentlemen, to say a few words to you to-day on a subject in regard to which you will, I know, welcome a few brief remarks. As proprietors in the Grand Trunk Railway Company, we have lines of connection, and we have very large interests and valuable alliances in the United States. It is fitting, therefore, that we should, assembled as we are at our usual half-yearly meeting in considerable numbers, join in sympathy with our friends in America, and with the great American nation, upon an event which has so recently thrown them into mourning and which has stirred up all their and our best and finest feelings. (Applause.) I do not intend to propose any formal resolution for your acceptance, but I am confident that you would wish me, as your chairman, to express what will be your feelings

and our feelings, and what are the feelings of all good and thinking Englishmen on such an occasion. (Applause.)

An honest man, the noblest work of God, fighting a good fight in the battle of life, worked his way up from the lowest to the highest position in the great American Republic, and then perished in the prime of life by the weapon of a dastardly assassin. We all watched, as it were, with our friends in America, by his bedside, during eleven long weeks of suffering, as he hovered between life and death, hoping against hope for his restoration to life and health and strength. The utmost efforts, however, of the physicians and surgeons who so assiduously attended him were fruitless. They were even unable to discover, during his life, the actual course of the fatal bullet, or to ascertain the nature of his injuries.

His lingering death, gentlemen, and his great sufferings have not been in vain. They have evoked from all sympathising and good hearts, not only in America, but also and equally on this side of the Atlantic, from our gracious Queen to the peasant in the field, the deepest and the best sentiments. There never was a time when so much good feeling existed between the two great nations, Great Britain and the United States of America. We may fairly look forward to an era of *rapprochement* and of joint action for good between the two countries. The voice of those Irish-Americans, whom you will remember as Sir Vernon Harcourt's Vipers, who preached dynamite and assassination, have been hushed, at least for a time. And the death of General Garfield has had another effect. It has drawn forth here and in America an appreciation of what is good and great, in opposition

to those operations and rings and corners and speculations, which are too much the fashion in these times on both sides of the Atlantic, and have of late absorbed too much attention. (Hear, hear.) General Garfield's character stands out in marked contrast and mighty opposition to the characters of those wealthy millionaires who control railway systems too much for their own private benefit, and too little for the good of the public and of their shareholders. (Hear, hear.) His fair fame will outlive their ill-repute. His life and his death have further been, are, and will be, protests against all those odious "isms," Socialism, Communism, Fenianism, and Atheism; and his agonies have left footprints on the sands of time which will serve to elevate human nature, and thus be a lasting benefit to mankind. (Applause.)

There is another melancholy topic, gentlemen, on which I must touch before I proceed to the business of the meeting. We have lost from amongst ourselves an old friend, and a valued friend; a gentleman who has attended most regularly at all our half-yearly meetings, and has always spoken to us with words of honesty and good sound common-sense. I refer, gentlemen, to Mr. M'Gavin. Meeting as we do here periodically, with the common feelings of humanity towards one another, we become, as it were, old friends in this room, and I may properly say, therefore, that we look upon his loss as that of an old friend from amongst us. (Hear, hear.) At one time we invited Mr. M'Gavin to become a member of this board, to represent the Glasgow and Scotch shareholders; but he refused to do so, as he refused many other invitations of the same sort from the Scotch companies. He preferred to live a quiet life, and merely to attend the various half-yearly

meetings, and assist with his advice at other times, and he was of great assistance to us and to other companies. I am glad to say that his place has been ably filled, since his refusal, by Mr. Robert Young, who worthily represents the Glasgow shareholders on our board.

Well, gentlemen, to proceed now to our proper business. The half-year, the operations of which we are met to discuss, has been a most unsatisfactory one in very many respects. The winter of 1880-81 was the worst that has been experienced in America for the last forty years. The through business of our line, and more especially of the lines connected with us, was at a standstill for weeks together. At Chicago we had to encounter the difficulties of strikes and of snow, and at Buffalo the snow actually stopped the traffic on different occasions for weeks at a time. The cars loaded to go eastward were standing by thousands between Chicago and Fort Huron, and between Buffalo and Detroit. Then, again, the lake steamers were a whole month later than usual in bringing us their cargoes, and we thus lost large amounts of traffic at Sarnia in consequence of the late opening of navigation. The live stock traffic of the United States, from which in past years we have derived so much benefit, was lost to us in consequence of the prohibition, which still exists, against importing live stock from that country into Great Britain. There was also a considerable rise in the cost of materials, of labour, and of fuel; and I am sorry to say that this was very much in consequence of the fiscal policy of the Dominion Government. That policy makes everything that a poor man requires dearer for him to purchase, and in consequence of that policy he requires higher wages in order to be

enabled to exist. I have repeatedly spoken in this room as to the duty which is placed upon fuel. I cannot conceive anything more unwise in a nation like Canada, that has to import a great part of its fuel, and wishes to encourage its manufactures, and to encourage its railways, than to place a duty upon the article of coal. We had considerable extra cost in clearing the snow away over the Grand Trunk, and in maintaining the Chicago and Grand Trunk Railway, which suffered very much from the severity of the weather; and the amount of extra fuel that was required, not only to work the traffic, but at the stations and at all other points on the line, was very great. And also, in consequence of this state of things, there was a largely increased expenditure in shunting, to enable east-bound trains, all loaded and ready to proceed on their journey, to be got out of the way, during these detentions, of westward trains travelling in the opposite direction.

It is satisfactory to be able to state, in spite of all these very serious disadvantages under which we were working, that for the past half-year the results have been so good as they have been; and it is very encouraging to find that under such conditions our gross receipts for the half-year were no less than £1,073,437. And not only is it satisfactory to find that we have received that amount of traffic, which is the largest by far that we have ever earned in any previous June half-year, and the largest, except in two cases, which has ever been earned in a December half-year—not only is it satisfactory to see that amount, but it is further satisfactory to see the way in which it has been earned. The increase we have thus earned has been

partly in passenger, but mainly in freight traffic. There was an increase of £20,000 in passenger traffic, and of £60,000 in freight traffic; and the freight increase was not from through business, but from local traffic, principally in Canada. I think we may all agree that we shall have no difficulty, with the connections which we have made, and those which we are making, and have in prospect, in accumulating to ourselves as much through traffic as we shall be able to carry; but one of our principal objects is to develop the local traffic of Canada. The increase from the Chicago and Grand Trunk was nearly £10,000, and 76,000 tons of traffic, exchanged with the Grand Trunk; and there was also a satisfactory increase, which I hope will be much larger in the future, on the traffic exchanged at the Niagara frontier with the New York lines.

Well, that amount having been earned in gross receipts, the next point to look at is the working expenses; and those were at the rate of 68·80 per cent. for the past half-year, against 68·08 for the corresponding half-year. Now, considering all those circumstances which I have detailed to you, of the disadvantages under which we were working, I think it reflects the greatest credit upon our officers that they have been able to keep the working expenses so low as they have done; and it encourages me very much for the future to hope that we shall be able to achieve—what I have always had in view—the reduction of our working expenses to 60 per cent. I say advisedly, seeing this result before us, that if we have only reasonable rates—and some day we shall get them—I have the hope, and the sanguine hope, that we shall ultimately be able to reduce our working expenses to 60 per cent. Deducting, then, the

amount of working expenses—£738,000—there remains a net profit of £334,899. That is a very large amount for a June half-year. Not very long ago a statement was brought to my notice, in one of what are called the "Society" papers, to the effect that the Grand Trunk Company did not earn enough money to pay for the grease on its wheels. I think £334,899 is a very respectable sum of money with which to grease our wheels for a half-year. (Hear, hear.) And the most satisfactory part of it is that it affords a full dividend upon the First Preference for the Half-year and also upon the Second Preference; and this is the first June half-year in which we have ever done anything like earning a full dividend for our Second Preference Stocks. I shall propose a resolution by-and-bye, asking you to allow these to be paid on October 12; and I can assure you that it is more gratifying to us to be able to pay this amount of Second Preference interest in the first half-year than it will be to you to receive the money when you get it. (Laughter.)

You will see from paragraph 6 of the Report that the length of line worked by the Company has been increased from 1,273½ miles last year to 1,406 this year. That arises from the fact that we have taken over the working of certain other lines—namely, the Montreal and Champlain Junction Railway, the Michigan Air Line Railway, and the Grand Trunk Georgian Bay and Lake Erie Railway. I may mention that the Montreal and Champlain Junction line was completed during the half-year to St. Isidore, and a further section of it to St. Martine is in progress. Then the Michigan Air line, thirty-six miles long, has been completed to

Pontiac, and we hope before long to extend it to Jackson, which is one of the principal towns of Michigan, and a very important centre of traffic. You will see Jackson marked on the map just below the word Lansing, which is in very large letters. The extension of that line to Jackson will involve an expenditure, including the 36 miles already completed, of about £300,000, and it will be, when the time comes for making it, an excellent investment. The Grand Trunk Georgian Bay and Lake Erie Railway will be finished this autumn as far as Colpoys Bay, which will give us some accession of traffic. All those lines are worked in accordance with agreements submitted to you, and which you passed at the last half-yearly meeting; but, as you will see stated in our Report, we have only credited our receipts with the revenue accruing to the Grand Trunk for those lines, and not with the total receipts for those lines.

You will find on page 6 of the Report a reference to the working charges for the half-year, and you will observe, as far as the maintenance and renewals of permanent way and stations are concerned, there is very little increase over the corresponding half-year. There was rather less ballasting done during the half-year, in consequence of the cars being required for traffic purposes, but it is going on during this half-year and will be fully done for the year. As regards the expenditure in the locomotive department, it is a good deal larger, and the reasons are very obvious. I shall give them to you in detail when I come to the locomotive superintendent's report. The total working expenses, you will observe, have only increased by '72 per cent., the charges for maintenance and renewals of road and rolling stock being less by '34 per cent., and the increase as regards all the other charges being 1'06 per cent.

The amount charged against capital account seems at first sight very large, namely, £522,059. Of that sum £459,358 consists of the preferential securities redeemed from the proceeds of the issue of one million of debenture stock; and the remaining expenditure is, I think you will admit, very moderate for a line of this length. At all events, the money has been well and economically spent, and you will find details of the expenditure at page 22, under table No. 5. That for new works, £17,500, includes certain sums expended in the construction of the coal dock and elevator dock at Sarnia, and the Point Levi Wharf opposite Quebec; and part of it is expenditure on the new general offices, £4,109. 11s. 9d.;—in the new sidings and extensions, which will be of great value to us economically, £1,958;—in stations and buildings, £2,071; and there are other items, such as replacement of wooden bridges by others of stone and iron, £1,438, and new machinery at Point St. Charles and Fort Gratiot for manufacturing purposes, £1,950. Then, also, we have expended £34,600 in new rolling-stock, and we should get very great advantage from that new rolling-stock. There is at certain seasons more traffic than we can carry, and we expect in future to require still further additions to our rolling-stock, to enable us to do the business that will come upon us. Then we have spent a large sum—£28,551—on lands. We have found it necessary for our business to purchase lands at Fort Gratiot, at Toronto, and at Detroit; and as these lands are becoming more and more valuable, evidently the sooner we purchased them the better for the company ultimately, and the money, I think, in those respects also, is exceedingly well spent. It was done after great deliberation, and if it had been done sooner I think we might have done better still.

I now come to paragraph 15 of the Report, which refers to the prospectus that we issued towards the close of the half-year for the balance of the £2,500,000 ordinary stock. I think it wise to say a few words on that subject, because I know, from the letters which we receive at the office, that some few people are naturally a little sore at the results of that issue. (Hear, hear.) Now, there are two classes of people affected by that issue. The proprietors of the company form one class, and those individuals who took part in the issue are the other class. As regards the proprietors of the company, I think that they ought to give a special vote of thanks to the directors for the able way in which that issue was made, because it is quite certain that all classes of proprietors, including the ordinary stock holders, have derived very great benefit from that issue being made at the highest price of the market. (Hear, hear.) There should be no doubt or difficulty on that score, and I may mention to you that it was, I believe, the cheapest issue of the sort that was ever made. The total expense of advertising—and that shows that we did not try very hard to cram it down anybody's throat—was only £135. 11s. 6d. I have no doubt that frequently in advertising issues that are sent out to the public from £500 to £2,000 is spent; and you will therefore see that £135 is a very moderate amount indeed. (Hear, hear.) I am afraid that we incurred the hostility of one class, and a very important class of the community, by confining the expenses to so narrow a limit; that is the gentlemen who own the newspapers. They would have been very much obliged to us, no doubt, if we had spent a great deal more money in advertising the issue. Then the whole expense of printing was £511. Therefore, I

think, as far as the company are concerned, there certainly can be no ground of complaint of the way that issue was made, or of the result of it.

I come next to the individuals who took part in the issue. They have our warmest sympathy. There is no doubt that a good many of them, having had experience of our previous issues, applied for more than they expected to get; and they received more than they wanted; and there is no doubt that there has been a great depression of price since that issue was made. I can sympathise with them, perhaps as warmly as anybody, because I am one of the sufferers. I have made it a rule whenever I have sent out an issue to the public to identify myself with that issue. I will not under any circumstances send my name forth upon any prospectus to the public without taking part, as my means will allow, in that issue. (Cheers.) I did so in this case, and I mean to hold the stock until it goes to a much higher price than that at which it was issued. A gentleman wrote the other day, and said he would be much obliged to us if we would return him his money, because he would now be able to buy some of the same stock at a much smaller price, and save money by the transaction. (Laughter.) I really wish we could accommodate the gentleman, but we were obliged to reply that it was entirely out of our power. We had made the issue in all honesty and in good faith; we had no idea there was going to be any reduction of rates, and it is quite out of our power to return the money or alter the conditions on which the issue was made. Then there are other gentlemen who, since that issue, have been, it is understood, bearing the stocks, and who at one time complained that we ought not to have made that issue, and considered that we knew, or

if not that we ought to have known, that there was going to be this fall of rates. I can tell you on that subject a little secret: I may reasonably conclude that those gentlemen did not know it either, or they would not have been subscribers to that issue. (Laughter.) Anybody must have been endowed very largely with the gift of prophecy to have been enabled to say what was going to happen, and to foresee what has been happening, during several months after that issue was made. It is true that ever since that issue we have had a continuous fall of rates, and a lamentable competition going on, with regard to which I shall have something to say presently; but you may believe me when I say we had no more idea of what was going to happen in that respect than the Man in the Moon. Nor can I tell you now what is going to happen in the next few months.

Well, there is not much to be observed upon in Mr. Hannaford's (the chief engineer's) report. The money spent in the first half of the year always varies according to the season, and the quantity of the rails that can be put in, and the quantity of ballasting that can be done. He has done what he could, and made a very plain report; but when the end of the year arrives he will tell us what he has done for the whole year. You will observe that he says—"The sidings are being extended between Toronto and Belleville, and on the Detroit district, so as to provide for passing longer trains, now being hauled by new engines. These works are being executed so as to form part of a double track." That is the system on which we are going. We are extending the sidings from time to time in order to provide more facilities for the crossing of trains, and as our traffic becomes heavier it will become neces-

sary to do so to a still greater extent, in order to avoid delay to the trains; and when these sidings have been sufficiently extended we shall link them up into portions of double line by degrees, so as to avoid the large expense of doubling the whole line at once.

The report of the locomotive superintendent, Mr. Wallis, is very interesting. He also refers to the contemplated sidings, and he says, "when they are complete it will be possible to effect a considerable reduction in shunting, and a diminution in the delay to trains." He gives a list of the 434 engines, and you will see that we have now 19 duplicate engines. He gives us all the reasons for the excess in the expenditure of the present half-year, which you will see on page 12:—Increased consumption of fuel caused by much severer weather during the past winter. 2nd. Advance in prices of fuel, wages, and materials. 3rd. Outlay in working the extra traffic, which of course requires extra fuel, and so on. As regards fuel, I should like to tell you what we are doing in that respect. We are gradually economising, and using more coal and less wood. In the half-year ending June, 1880, we used 60,000 cords of wood, and in the half-year ending June, 1881, only 48,000 cords. *Per contra*, we used in the half-year ending June, 1880, 109,000 tons of coal, and in the half-year up to June, 1881, 143,000 tons of coal; so that we had a decrease of 12,000 cords of wood and an increase of 34,000 tons of coal. As wood becomes more scarce, and there are extra facilities for getting coal, we shall hope, in working our traffic, to effect further economy in this respect. Then as regards the car stock, you will observe if you look at page 16, that we have no less than 412 duplicate cars; we have increased the number of cars to 9,806, and besides

those we have 412 vehicles. There is also an interesting statement, at the bottom of page 16, and on page 17, of works and machinery provided at the cost of revenue, with the details of which I need not trouble you. Mr. Wallis also says, "The standard freight engines, twenty-six of which, since January, 1880, have been built in the company's workshops, would have cost 30 per cent. more if ordered from manufacturers, with the addition of 25 per cent. customs duties." So you see we are also making a large economy in extending our works at Point St. Charles. He adds—"The same remark would apply in a still greater degree to twenty-three engines of the same class at present under construction, which could not now be purchased exclusive of the duty at less than 50 per cent. advance on what they will cost." There is one item at page 27, in account No. 12, of which, perhaps, you would like to have an explanation, and that is the increased value of materials on hand. It is there mentioned that the stores, fuel, old material, &c., on hand for June, 1880, was £208,000, but for June, 1881, it is £281,000, an increase of upwards of £70,000. Now, that arises because we have ties, that is to say, sleepers and rails, in considerable numbers on hand for renewals and other work yet to be done; and our stock of fuel was rather too low last year, in consequence of the strikes which occurred at the collieries, and we have, therefore, a much larger stock of fuel on hand this year. Then, again, we have a quantity of seasoned timber in store, which will be brought into use in the construction of further rolling-stock during the present half-year; and I may mention that this timber was bought at a much cheaper rate than that at which it would be possible to buy it at the present time.

I spoke of the relative proportions of the local and through traffic, but I should like to say also a few words on what we were doing as regards the west-bound and east-bound traffic, which is of great importance to our working. Now, the relative proportions of the local and through tons running one mile in the two half-years were as follows:—In the June half of 1880 the proportion was 38 of local, to 62 of through traffic. And you will see how that has increased during the past half-year—the local from 38 to 42, while the through ton-miles have decreased from 62 to 58. In fact, we had an increase in the ton-miles—that is to say, of the total number of tons of freight which we moved one mile in the half-year—from 489,000,000 to 508,000,000; that is to say, an increase of about 19,000,000. But the increase of the local ton-miles was 26,000,000. Then the division of the traffic into east-bound and west-bound is as follows:—In 1880 it was as 34 local, to 66 through, east-bound; and 51 local, to 49 through, west-bound: whilst in 1881 it was as 37 local to 63 through of east-bound; and as 56 of local traffic to 44 of through traffic west-bound. But whilst the volume of the whole traffic has increased 4 per cent., the relative proportions of east and west-bound continue to bear almost the same proportion to each other as in the corresponding half-year. Here I have a comparison between the years 1875, 1876, 1877, 1878, 1879, 1880, and 1881, and this shows that in the years 1875—77 and 1878, the proportion was 80 east-bound to 20 west-bound, whilst in 1879—80 and 1881 it has been from 77, 72, and now 73 east-bound to 23, 28, and 27 west-bound. Therefore, although the percentage of the whole west-bound is slightly less, the volume of the

west-bound has increased from 135,000,000 tons, one mile, in 1880, to 139,000,000 in 1881.

I mentioned in opening my statement that the prohibition that prevented us from taking live stock from the United States and bringing it to England still continues, but you will be interested to hear that the result of that is that there has been a very large increase in the dead meat traffic; so much so, that whilst in the half-year ending June, 1880, we carried only 1,264 tons, in the half-year ending June, 1881, we carried 7,128 tons. We received on account of that traffic for 1880, \$7,834. and for 1881, \$37,196. That, you will see, is an enormous proportional increase.

Now, as regards the tonnage of freight conveyed for the use of the company, which is not represented by money in the receipts, the return I have in my hand shows that 23,000,000 tons were carried for the use of the company, whilst 508,000,000 tons were carried one mile as general merchandise, making a total of 531,000,000 tons moved one mile. The number of freight cars hauled one mile have increased, too, very much. It was 36,000,000 in 1872; it is now 68,000,000. But the most remarkable feature of the statistics I have before me is the enormous amount of extra weight that we are carrying in our cars. That amount has increased, as regards the average number of tons carried in each car from June, 1872, when it was rather more than 5 tons, up to $7\frac{1}{2}$ tons in 1880, and no less than $7\frac{3}{4}$ tons in 1881. That is the average running of all our cars. They carry $7\frac{3}{4}$ tons per car. Of course, that leads to economical working, as far as it can be done safely, but they have been rather over-doing it. It seems to have become the fashion now to load up the

cars almost without reference to their strength, so as to carry as much as they can in them. We have been working, therefore, a little on the opposite tack lately, and decreasing the amount carried in each car, because we found those going eastward were loaded to an excessive weight, and loaded so as almost to be dangerous in running.

The total amount which we received per ton per mile has slightly increased over the corresponding half-year, from $\cdot 72$ to $\cdot 75$ of a cent. That, of course, is a miserable receipt, and it will be even lower, considering the rates at which we are running now. As regards what we are doing in passenger traffic, the number of passengers we carried increased from 892,000 to 994,000, whilst the receipts increased from \$1,251,000 to \$1,330,000; and the number of passengers carried one mile increased from 63,000,000 to 66,000,000, and we get a little more per passenger for carrying them. The average receipt per passenger per mile increased from $1\cdot 97c.$ to $2c.$ The average distance travelled by each passenger decreased from 71 to 66 miles.

Whilst we are not able to carry live stock from the States, and whilst the prohibition of that traffic exists, it is interesting to see how the increase of Canadian exports of live stock to Great Britain has progressed. I have here the reports of the two last whole years of 1879 and 1880. I find that the number of cattle from Canada to Great Britain increased from 26,000 in 1879 to 50,000 in 1880, nearly double. The number of sheep was 78,000 in 1879, and 81,000 in 1880. The number of horses decreased from 386 to 49; and the number of hogs decreased from 3,091 to 700; but the total value of those exports increased from \$2,600,000 to \$4,738,000.

The total exports of agricultural and other products from the United States (these are taken from the returns of the United States Department of Agriculture), show an enormous increase of what is coming to this country, though I am afraid it is a very bad story for the farmers and landowners of this country. There was an increase as between 1875, we will say, and 1880, of from \$85,000,000 to \$161,000,000—nearly double—in “animals and their products.” Then, as regards breadstuffs, it increased from \$107,000,000 in 1875 up to \$208,000,000 in 1879, and \$288,000,000 in 1880. Then other exports—cotton, wood, and miscellaneous articles, also increased largely. The average annual aggregate for the years 1866 to 1870 was \$351,000,000, whilst for the year ending 30th June, 1880, the total exports were \$823,000,000.

And here is a table which shows you something of what the American railway companies are fighting for. It is a comparative export of cereals from the five principal Atlantic seaports for the last six years. New York is always trying to monopolise as far as it can those exports, and we shall see here in what proportions those exports have been shipped from the different ports of New York, Philadelphia, Baltimore, Boston, and Montreal during the last few years. In 1875, 56 per cent. came from New York; in 1879, 49 per cent.; and in 1880, 50 per cent.; so that the proportion from New York has been reduced to that extent, whereas the proportion from Philadelphia it has increased from 9, or nearly 10, per cent. up to 12 per cent. Baltimore had a still larger increase—and that is what the New York companies like least of all—from 12 per cent. to 19 per cent. The proportion from Boston had increased from 4 per cent. in 1875 to 7 per cent. in 1880, and that

from Montreal had fallen off from 17 per cent. down to 10 per cent.

The numbers and amounts of failures I have generally mentioned here, and, of course, they are indications of the prosperity or otherwise of the United States and Canada. (Cries of "Time" and "War of Rates.") Well, I will pass over these statistics, of which I have still a great number of a most interesting character, as affecting the progress and prospects of the Grand Trunk and the Chicago and Grand Trunk Railways, and I will, with great pleasure, come to what you would evidently wish me to pass to—this burning question of the war of rates.

I wish some of you would tell me what is the cause of this war of rates, because that is a very difficult question to answer. A great many causes have been assigned for it, one of which I told you of at the last meeting, which was a special meeting. It was then supposed to have commenced with the unfortunate agreement between the Great Western and Wabash Companies. That agreement has never been published, and we do not profess to know what the contents of it are. But there are people who do profess to know, and they say that the Great Western Company agreed to carry traffic from the Wabash system at less than half the cost at which it was before carried over the Lake Shore system; and that Mr. Vanderbilt was exceedingly angry on that account, and naturally demanded that his Michigan Central traffic should be carried at the same rate as the Wabash traffic was carried over the Great Western. That may have given it a start, but still that could not account for all that has happened since, and for the existing competition that is still going on.

Then it was stated that Mr. Vanderbilt was very much dissatisfied with the building up of Philadelphia and Baltimore, and that is the reason why I gave you the statistics on that subject. It was said that he was very much dissatisfied with the traffic carried by the Pennsylvania and Baltimore and Ohio Railroad Companies, and he was determined to put a stop to it as far as he could; but he will find it a difficult task to accomplish, for the Pennsylvania road is very powerful, and Mr. Garrett, also, the President of the Baltimore and Ohio Road, who is a redoubtable antagonist, is reported to have recently had a good deal of altercation with Mr. Vanderbilt. That is assigned as another reason.

Then, again, we are told that Mr. Vanderbilt was disgusted with the traffic which the Erie Company carried last winter and spring, some of which he thought they stole from him, and which they could not have got without cutting rates, and, therefore, he began to cut.

Mr. Fink gives other reasons, and he tells us one reason of this cutting of rates is, that there are a great many men who manage different express lines, and lines running over different systems, and who make rates independently of the managers of the railways, and he believes the managers and presidents are not able to control those gentlemen. They make rates which are bound to be honoured by the managers of the different lines they run over, and they cut rates as they please against one another. But it appears to me that any president or general manager who cannot control those working under him and with him ought to be dismissed and some other put in his place. I can only say that no person on the Grand Trunk system shall cut rates against our wishes. (Hear, hear.)

There is another reason given. I am only giving you the different reasons which have been advanced, and I have not expressed any opinion upon them. That other reason is that there are certain speculators, and those gentlemen are some of them in a position, directly or indirectly, to control rates, and are able to put them down when they like, and put them up when they like. They go—it is said—into speculations of buying and selling stocks, with a view to provide a profit for themselves, and they thus sacrifice the interests of the shareholders and the companies for their private benefit. (Shame.) There are various circumstances that give colour to that statement; for instance, on one occasion when I was in America some years since, I had the honour to meet the presidents of the other four trunk lines, and we all agreed that it was very stupid and very silly to cut each other's throats; we promised to be good boys, and that we would not have any cutting in future. We agreed that we would buy up certain contracts which had been then made by the Wabash Company to carry below the authorised rates. Mr. Vanderbilt promised to supply one-third of the money requisite to buy up those contracts, and the other companies were to find the rest between them. We thought we were going to have a real reform, and a better state of things as regards rates. From that time forward for several months rates went from worse to worse, and I could not understand it at all. I believed that they were acting in good faith, and I still believe they were, almost all of them. But what happened? We found at the end of a few months that a certain millionaire bought up the majority of shares in the Michigan Central Railway, and Mr. Garrett told me when he came over in the following spring that he could

not previously understand it, but he had come to the conclusion that Mr. Vanderbilt wanted to buy the shares of the Michigan Central road at a cheap rate. That appeared to be the main reason why the rates had been kept down. Mr. Vanderbilt has recently refused to allow the freight rates to be put up, and he has been doing a good deal to keep them down ; but what his object is I certainly cannot tell.

I will now read a letter to you which I have received from a gentleman thoroughly well informed on the subject, but I will not mention his name. He says, in plain terms, that at the present time it is alleged, without causing the slightest surprise, that the war is being raged for the express purpose of lowering the price of stocks, in order that large operators may repurchase securities which they had previously sold at higher prices. There is some colour for the accusation, because we heard that people were selling on this side and on that side, and there seemed to be some preconcerted scheme for bearing the stocks at a particular period ; and this, I suppose, must have been known, and that something would happen to enable them to buy them back at a lower rate. Of course, we who were not in the secret could not see any reason why the stocks should be sold at that particular time, but we may reasonably assume that there must have been previous knowledge if there was a preconcerted scheme for such operations. This gentleman goes on to say—"Shrewd and frequently accurate observers give this complexion to the present contest. It would be difficult to imagine the chairman of the North Western, Great Western, or Midland operating in the stocks of those concerns, lowering rates throughout England, and after accomplishing the purposes of the

movement, restoring tariffs and resuming their ordinary positions at the head of those systems as if nothing had happened. Personally, of course, we can have no knowledge of any such transactions on this side of the Atlantic; but such statements are openly made without rebuke, and are accepted as one of the probabilities of the case. Whatever the reason may be it is concealed, and we do not know why passenger fares are day by day approaching the zero point."

Now, we, the Grand Trunk, had something to do with passenger fares after that letter was written. We had a line of our own to take — I want to be perfectly frank with you, and to tell you all that we have done in this matter. When we found the passenger fares going down, and down, and down, at last we thought we would go to the bottom, and we put the passenger fares down to \$5 between New England and Chicago. I will tell you why we did it. It was because we carry mostly freight traffic on our system, and these other companies carry more passenger traffic and obtain large profits from it. We were not getting so much out of our passenger traffic, and by filling our trains in this way we could better afford to carry at low fares, while the other companies could not afford to lose what we took from them. But, in order to show exactly what happened, I will read the official report of what was done in this respect:— "On the 5th ult. we were notified that the Boston and Albany and Hoosac Tunnel Companies would, on and after 6th, put in force a reduction of \$1 on first and \$3 on second. Our rate was consequently reduced. On July 11th the other lines further reduced to \$16 first and \$14 second. On July 15th first class tickets were reduced to \$15, and on the 18th inst.

to \$12; and these reduced rates were put in force at Springfield, Worcester, Rutland, and other internal points. These alterations were consequent upon corresponding reductions from New York to Chicago. They were made through the agency of Scalpers, and, as already advised, tickets reached the price of \$7." Scalpers are persons who buy tickets from one man and sell them to another, and by methods which I need not explain diminish the profits of the railway companies in doing so. But lately they have been allowed to buy tickets from certain of the railway companies at low prices, and sell them out cheaply to the public. In my opinion it would be well if, instead of employing them for such operations, all the companies would unite with one another to crush out the Scalpers, like Sir William Harcourt would stamp out his "nest of vipers." The report goes on:—"To meet this New York price, the other routes again reduced the Boston rate to \$9.50, and on the 29th ult. (July) to \$8 Boston to Chicago." Now, here we began. When it came to this we thought it was time to act, and "in order to accelerate a settlement, and to reach at once a bottom figure, we reduced, as you know, to \$5, and, as that was not effectual, on the 2nd inst. (August) the same charge was made to passengers from Chicago to Boston. Hitherto the other lines have not followed the Chicago fare, but it has probably accelerated recent proceedings and declarations. Since the establishment of the \$5 rate from Chicago—*i.e.*, from the 2nd to the 10th inst.—2,602 tickets have been issued, 906 tickets have been purchased in Boston, and 95 from New England points. We are informed that passengers have expressed themselves highly pleased with the Grand Trunk route

and the service." I should think the passenger ought to be satisfied with being carried at that price. (Laughter.) I want you clearly to understand what part we have had in this cutting of rates. As regards freight rates, we have had no part in it whatever, and have all along protested against it; but as regards the passenger rates, when they were found to be going down, and down, and down, at last we went to the bottom, and there we are.

And next, gentlemen, as regards the remedy for this state of things, for that is a most difficult subject. All sorts of remedies have been proposed, and many tried. Mr. Fink has long been appointed Commissioner, and a very honest Commissioner he is, and we are always ready to go before Mr. Fink and let him settle all these disputes, and are ready to abide by his decisions, and Mr. Fink knows it. (Cheers.) But, unfortunately, others will not always agree to do the same. The American companies have appointed three other gentlemen, as Arbitrators, very honest and able gentlemen; and those gentlemen are so disgusted with the position that they have declined to draw their salaries until something is done to bring business before them. Money pools are ineffective, because there is no means of enforcing payment from defaulters; and physical pools, that is to say, actual divisions of traffic, have broken down, because certain of the companies will not adhere to their obligations. So those remedies have not been effective. The only remedy I have to suggest is one of which I have had some experience. When I was a Government inspector of railways, I set to work some fifteen years ago to see how I could best—what is not so directly in accordance with my present position—bring about a

reform in enforcing improvements in the interest of safety on directors of railways in this country. (Laughter.) We had a great deal of discussion at different times as to how we could get improvements made upon railways. Many people advocated legislation; some advocated one thing and some another. I always said there is only one way in which we can act upon railway companies, and that is by public opinion. All you have to do is to find out the truth of everything that happens and clearly state it, and the public will do the rest. The remedy I should now propose for the state of things in America is just the same. I have seen it succeed admirably for one good object in England, and I believe it will succeed equally well with our present object in America. If American gentlemen would themselves set to work to discover who are these people who lower the rates, and what they do it for, and would publish without fear, favour, or affection the results of their discoveries, I believe the cure would not be far distant. I have given you the various theories which have been started to account for it, and if they would set to work to find out what are the causes operating—whether there are speculators bearing stocks, or buying up stocks—if they would discover the true “inwardness,” as they term it, of all these recent operations,—and set it clearly before the American public, I am sure it would do more to stop this abominable state of things than anything else that we can devise. (Loud cheers.)

As regards our half-year, I will only repeat, in conclusion, that you will see with satisfaction how, in the face of all these adverse conditions of low rates and the disadvantages of undue competition, of the rise in the cost of fuel, labour, and materials,

we have achieved the best results that we have ever before achieved in any June half-year, and this is, after all, very encouraging. Nobody feels more acutely on the other side of the table than we do on this side, the disadvantage, and even the cruelty, to railway shareholders, of whatever nationality, of the present condition of affairs, but we are perfectly powerless to put an end to it. It is, however, only temporary; it cannot last for ever, and some day we shall hear that the rates have been restored. Perhaps, when these speculators have bought back, or bought up, or settled their arrangements in some way or other, rates will be restored, and we shall then show you how much traffic we can carry on paying terms, and what amount of profit we can get out of the railway. Railway managers in this country have very little idea of what it is to work through a half-year such as we have had. They have experienced similar effects recently to some extent in this country, and at the half-yearly meetings of English railway companies they have told us much of their comparatively little snow-storms, and how it has affected their working for weeks together; but the effects of an English winter are nothing to what we have to encounter in Canada. We have had another very serious disadvantage in this company. Look how we are handicapped in our Preference Stocks. Look at the legacy which our predecessors have been good enough to leave us—interest accumulating for 10 years at the rate of 5 or 6 per cent., so that we have somewhere about double the amount to pay on our Preference Stocks than we ought to have had if our predecessors had exercised a little more wisdom. Still, never mind, we will surmount these disadvantages, and satisfy you before we have

done, if we can only get fair play as regards these through rates for traffic. Our task is a very easy one compared to what it was when I became your chairman four years ago. Then we were almost in the Bankruptcy Court, and some people thought that nothing could save us; but now the condition of our credit and our rolling-stock and our road will bear favourable comparison with any railway in the world. And we are not going to stand still. (Cheers.) There are many projects in America which will, as they are carried out, be of very great value to us; and many lines are being made which will connect with us. If Mr. Vanderbilt will not work with us from Buffalo to New York, there is another line being made which will join us at Buffalo, and be glad to exchange traffic with us as soon as it is completed, I have no doubt. There is also another line projected from Chicago to the North-west, near Duluth, and I believe that will also be a very valuable line. It is already commenced. We shall, when it is made, have a straight connection from Chicago to the west end of Lake Superior, connected with the Northern Pacific, which will add another grand link to our system, to counteract the disadvantages with which we have otherwise to contend. Gentlemen who have at their command ten or twenty millions of money, have in the past done much, by buying up railways, towards cutting us off from the sources of traffic. But we are quite ready to encounter them in all respects; and though we have not these large amounts of money in our pockets, or securities in our strong rooms available for such purposes, we have 12,000 good shareholders to support us, and we have the British public at our back; and with your kind favour we intend to go on and ensure success. I beg to

move "That the report and accounts now submitted be and are hereby approved and adopted."

Sir CHARLES YOUNG, having seconded the motion,

The CHAIRMAN said, in reply to various questions, first, about the expenditure of the money received on the issue of new stock—We have only as yet received part of the money. I hope the rest will come in due course, and I am sure it will; but the expenditure that is going on upon the faith of that money coming in, and which will be met by that money, is all in the direction of economical working, and therefore will be very profitable to the Company. We are cutting down gradients where we are putting in sidings or doubling portions of the line, so as to be able to run a greater number of cars in our trains, which will be a source of great economy; and we shall also achieve the same result by continuing the system of building heavier engines and hauling more cars in each train. That money will be devoted also to further expenditure in rolling-stock—which will also be very profitable—and in many other ways, in elevators, and in other improvements in different parts of the line, which will, of course, all tend to profitable results and to increased economy of working.

Then, as regards the number of shareholders, they have increased, as far as my memory serves me, from about 6,000 or so in 1875 to about 10,000 last year and 12,000 in the present year. (Applause.)

I was also asked in regard to the withdrawals of some of the applicants for the recent issue of ordinary stock. There were about twelve gentlemen who, between the time when the issue was made and the allotment, applied to be allowed to withdraw the

whole or a part of their subscriptions. When the directors met to make the allotment they considered how they should deal with the matter, and they dealt with it as the simplest matter of business possible. They said, "Those gentlemen who have applied to reduce or withdraw their subscriptions shall be allowed to do so, and the balance will be allotted." I do not well see how they could have adopted any other course, or how anybody can suggest that they could have adopted any other course than that which they did adopt.

Then there are three questions asked by a shareholder who is in litigation with the company on this subject. He used to send a clerk, or whoever he was, to the office making inquiries. We received him in a good-humoured way and we answered his inquiries to the best of our power; but, apparently annoyed by something or other, he has commenced proceedings against this company, and now by way of assisting those proceedings he asks these questions at this meeting. (Derision.) I think I should be justified, as chairman of this company, in refusing to answer those questions, but I am not inclined to take that course. I will answer the questions, because I never want to conceal anything at all. He asks why, as the directors knew nothing of the reduction of rates, was the issue made when it was made. The answer to that is perfectly simple. The issue was made when it was made because we thought that the time had come when it should be made. There was no reason on earth why it should not be made. The market price was high, and we knew nothing of any reduction of rates. The second question is, whether we had any intimation from Mr. Hickson or anybody else on the other side of the water to induce us to make the issue at once. The answer

to that is that we had no such intimation of any sort or kind. If we had received such an intimation we should have probably suspected something wrong. Anybody who thinks that Mr. Hickson or anyone whom we trust over there would send such a message very much misunderstands the position and depreciates the character of Mr. Hickson and others of our staff. No such communication passed between Mr. Hickson and his directors. The next question had, if I recollect rightly, some reference to traffics.

At certain times of the year there is no doubt a competition for the stuff to be carried; but at other times, and such a condition of affairs is approaching at the present time, there is a great deal more freight than we can all carry. But supposing the amount of freight to be carried were small, there is no reason why we should fight for it. We have arbitrators to whom we can go if we cannot agree without. As I have said before, we are ready to go to the arbitrators or to Mr. Fink and have everything settled; and why should not other companies do the same? (Hear, hear.) As a matter of fact, scarcity of trade is not the reason of the present competition. There are some other reasons that I do not pretend to be able to state. I do not know why the rates are being kept down now.

One gentleman asked about free passes. Since we have been administering the affairs of this company, we have set our faces entirely against free passes. It used to be a very great abuse on the Grand Trunk Railway, as on many railways. We have given strict orders to our executive officers from time to time, and they have co-operated with us in the most earnest way, to put a stop as far as is possible to all free passes

on the Grand Trunk Railway. Of course there are cases where you have to exchange passes with other railway companies—where you have to give their officers the opportunity of travelling over your line, and there are little courtesies which are exchanged in that way. But as regards any abuse of passes being given too freely, there is nothing of the sort on the Grand Trunk system at this moment. Many gentlemen have come to me, shareholders and others, asking for free passes on the Grand Trunk Line, and my answer has been plainly that I would not only not give free passes myself, but that if I heard of anybody giving them a pass on the Grand Trunk Railway that man should be dismissed from the company's service. That is our feeling in regard to free passes.

As regards the Auditors' report, Mr. Chubb has undertaken the duties of Auditor, and has done what Mr. Creak and Mr. Newmarch always did before him; he has made his report and conducted his investigations very carefully. I do not think you would wish to place upon him any heavier duties than he has at present. I will myself stand responsible that the dividend which is to be paid on the 12th October has been earned by this company. (Applause.)

As regards the rolling stock, an amount of £18,000 has been expended out of revenue sources towards the construction of 21 new engines. This is equal to providing in the half-year about 11 new engines out of revenue.

The CHAIRMAN then put the resolution, which was carried without dissent. He then announced the formal resolution for the payment of the dividend on the First and Second Preference Stocks, on October 12.

A SHAREHOLDER: How about the accruing dividend?

The CHAIRMAN: It is to be paid on October 12.

The SHAREHOLDER: Without any increase?

The CHAIRMAN: Without any increase.

The SHAREHOLDER: That is very unfair. It used to be paid at Midsummer, and now it is not paid until October.

The CHAIRMAN: I beg your pardon; it never was paid at Midsummer.

The SHAREHOLDER: In August.

The CHAIRMAN: No; never at Midsummer nor in August. It used to be paid on September 1 and March 1. An Act, which was sanctioned by the proprietors, was afterwards passed, providing that the dividend should be paid within 15 days of the half-yearly meeting. We are now paying it within six days.

The second resolution was also carried.

A vote of thanks was then passed to the Chairman and Board of Directors, on the motion of Mr. ABBOTT.

The CHAIRMAN, in responding, said that, if only the question of the rates could be settled, there would be no difficulty in giving the shareholders perfect satisfaction in the management of this concern.

The meeting then terminated.

