

The Grand Trunk.—The desire of the parent organization, the Grand Trunk, to be relieved of its obligations in respect of the Grand Trunk Pacific, led to negotiations early in 1918 for the taking over and inclusion of the Grand Trunk in the Government system of railways. These continued until October, 1919, and resulted in Chapter 17 of the 2nd Session of that year, an Act to acquire the Grand Trunk Railway System. This legislation provided for the sale and purchase of the preference and common stock, the value of which was to be determined by arbitration. On certain other stocks, namely, the 4 p.c. guaranteed stock and the debenture stocks, the Government agreed to guarantee the payment of dividends and interest, provided the voting powers exercised by the shareholders should cease on the provision of the guarantees. The guarantees were to take effect on the appointment of a committee of management representative of both the company and the Government. The committee of management, which consisted of C. A. Hayes and S. J. Hungerford, representing the Canadian National Railways, W. D. Robb and Frank Scott, representing the Grand Trunk, with President Howard G. Kelley, of the Grand Trunk, as chairman, held its first meeting on May 21, 1920, from which date the Government assumed its liability under the Act already referred to. The arbitrators appointed were Sir Walter Cassels, Chairman; Sir Thomas White, for the Government; and Hon. W. H. Taft, for the Grand Trunk. The arbitration proceedings commenced on February 1, 1921. The agreement under the Grand Trunk Acquisition Act limited the time for the completion of the arbitration proceedings to nine months from the date of the appointment of the arbitrators. The arbitrators had been appointed on July 9, 1920, and the arbitration proceedings had not been completed when the proceedings lapsed on April 9, 1921.

This difficulty led to further delay, and to reinstate the arbitration proceedings necessitated more legislation. With this in view, an Act respecting the Grand Trunk arbitration was put through and became law on May 3, 1921. This legislation provided for the reviving of the arbitration proceedings, conditional upon the resignation of the Grand Trunk English directorate, the substitution of a Canadian Board, and the establishment of the head office in Canada. The English directors resigned on May 26, and the Canadian Board was appointed, as follows:—Sir Joseph Flavelle, Bart., Toronto; Howard G. Kelley, Montreal; A. J. Mitchell, Toronto; E. L. Newcombe, K.C., Ottawa; and J. N. Dupuis, Montreal. The arbitration proceedings were revived on June 1, and the hearing finally concluded on July 8. The award was made on Sept. 7, the chairman, Sir Walter Cassels, and Sir Thomas White holding that the preference and common stocks of the Grand Trunk Company had no value in view of the financial condition of the Grand Trunk, consequent upon its Grand Trunk Pacific entanglements. Hon. W. H. Taft dissented from this finding, holding that the securities in question should be valued at not less than \$48,000,000, his contention being that the preference and common stocks would be earning dividends in five