

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 year's time. The acquisition agreement provided for an appeal on a point of law, and as the majority of the arbitrators had declined to hear evidence as to replacement value of the physical property of the system, an appeal was made to the Judicial Committee of the Privy Council. This appeal was dismissed on July 28, 1922.

*Consolidation and Reorganization of the Canadian National System.*—The Grand Trunk arbitration finally disposed of, steps were taken for the consolidation of the various railways under Government operation and control. By Order in Council dated August 14, 1922, the resignation of Howard G. Kelley, as Director and President of the Grand Trunk Railway Company of Canada, was accepted and Graham A. Bell appointed to the vacancy on the Board of Directors, while W. D. Robb, ranking Vice-President, was appointed Vice-President and General Manager pending reorganization. On October 4, 1922, the resignations of the Grand Trunk Board were formally accepted, and on the same date a new Board was appointed by Order in Council, to act as Directors both of the Canadian National and the Grand Trunk Railways. On October 10, the new Board met in Toronto, when the members were formally elected to the Canadian National directorate, replacing the Canadian Northern Board, whose resignations had been tendered and accepted by the Minister of Railways.

On January 19, 1923, the whole of the preference and common stock of the Grand Trunk Railway Company was, by Order in Council, vested in the Minister of Finance in trust for His Majesty.

On January 20, 1923, an Order in Council was passed handing over to the new Canadian National Railway Board the management and operation of the Canadian Government railways, designated specifically as: The Intercolonial railway, The National Transcontinental railway, The Lake Superior branch, leased from the Grand Trunk Pacific Railway Company, The Prince Edward Island railway, The Hudson Bay railway, and all other railways and branch lines vested in His Majesty, and comprising what has been known as the Canadian Government railways. This Order in Council superseded and cancelled the Order in Council of November 20, 1918, which had appointed the Canadian Northern Board to operate and manage these railways.

The unification of the Grand Trunk and Canadian National Railways was provided for by Order in Council of January 30, 1923, which also brought into effect the Act to incorporate the Canadian National Railway Company and respecting Canadian National Railways (Chap 13, 1919). This was followed on February 5, 1923, by an Order in Council establishing the head office of the Canadian National railways at Montreal, Que.