

time the road was operated apart from the Canadian National railways. In Oct., 1920, the management was transferred to the Canadian National railways, in connection with which system it is still being operated under receivership.

*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, and Grand Trunk financial difficulties, 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 Oct., 1919, and resulted in the passage of c. 13 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 to be determined by arbitration. 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 Feb. 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 on Apr. 9, 1921.

This difficulty led to further delay, and to reinstate the arbitration proceedings more legislation was necessary. With this in view, an Act respecting the Grand Trunk arbitration was passed and became law on May 3, 1921. It provided for reviving 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 a Canadian Board was thereupon appointed. The arbitration proceedings were revived on June 1, and 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 years' 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 to consolidate the various railways under Government operation and control. In Oct. 1922, the Grand Trunk board and the Canadian Northern board gave place to a single Canadian National board, the president and chairman of which was Sir Henry Thornton. To this board the former Canadian Government railways were turned over for management and operation. The unification of the Grand Trunk and Canadian National railways was provided for by Order in Council of Jan. 30, 1923, which also brought into effect the Act to incorporate the Canadian National Railway Company and respecting Canadian National railways (c. 13, 1919). This was followed, on Feb. 5, 1923, by an Order in Council establishing the head office of the Canadian National railways at Montreal, Que.