

the Lotbinière and Mégantic railway and the Cape Breton railway. The Saint John and Quebec railway, in New Brunswick, and the Inverness Railway and Coal Company's lines in Cape Breton are operated under lease. The Hudson Bay railway, with 332.5 miles of steel rail at the end of 1920 and 214 miles operated out of its total length of 424 miles, has been declared to be comprised in the Canadian Government railways, and is being operated to a limited extent by the board of directors of the Canadian National Railways.

Canadian Northern Railway.—In pursuance of an Act passed in 1917 (7-8 George V, c. 24) and an agreement entered into under the Act, the Government acquired the entire capital stock of the Canadian Northern Railway Company, except five shares issued in exchange for Canadian Northern Railway income charge convertible debenture stock. Having thus acquired control, the Government, in Sept. 1918, appointed a new board of directors of the Canadian Northern Railway Co. This board, under Order in Council of Nov. 20, 1918, became also a board of management of the Canadian Government railways, with all the powers theretofore vested in the general manager of the Canadian Government railways. The use of the general term "Canadian National railways" to describe both systems was authorized by Order in Council of Dec. 20, 1918, the corporate entity of each system being, however, preserved. The Canadian Northern system, at the time of its acquisition by the Government, had a total mileage of 9,566.5.

The Grand Trunk Pacific.—During 1916, 1917 and 1918, the Grand Trunk Pacific received advances from the Government, totalling \$19,639,837, to enable it to "carry on" during difficult times. Towards the close of the fiscal year 1918-19, approximately \$950,000 of the \$7,500,000 authorized in the estimates of that year remained unexpended. The company desired to use this to pay interest on Grand Trunk Pacific debenture stock, but the Government insisted that deficits in operation should have priority over all other charges, and made the remittance conditional upon that understanding. As a result, the company notified the Government that it would be unable to meet the interest due on its securities on Mar. 1, 1919, and unable to continue operation of the railway after Mar. 10. Accordingly, the Minister of Railways was appointed receiver from midnight of Mar. 9, and for a time the road was operated apart from the Canadian National railways. In October, 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 October, 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