

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. The receivership was terminated by Order in Council of May 27, 1927.

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. After many difficulties and delays, recounted in outline on pp. 602-3 of the 1926 Year Book, the arbitrators made their award on a majority vote, and an appeal by the Grand Trunk shareholders against this decision was dismissed by the Judicial Committee of the British Privy Council 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 October, 1922, the Grand Trunk board and the Canadian Northern board gave place to a single Canadian National board, to which 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.