

Trunk, two by the government, and the fifth by the four so appointed, to insure the operation of the Grand Trunk System (in so far as it is possible so to do) in harmony with the Canadian National Railways, the two systems being treated in the public interest as nearly as possible as one system. The committee shall continue to act until the preference and common stocks are transferred to or vested in the government, when it shall be discharged.

"(b) The books, minutes, reports, documents and other records, and all the railways and properties of the companies comprised in the Grand Trunk System, shall at all times be accessible and open to inspection and examination by any person or persons named by the Minister of Railways and Canals of Canada, or by the board of arbitrators, and all proper aid and assistance shall, on request, be rendered to such person or persons by the committee of management and by the officers and employees of the Grand Trunk and its allied companies, including the making and giving of extract copies and statements.

"(7) That the government may lend to the said committee of management, upon the notes or other obligations of the Grand Trunk, such sums as the government may from time to time deem necessary for the carrying on of the operation or improvement of the Grand Trunk System.

"(8) That the said agreement shall provide among other necessary and usual provisions, for:—

"(a) The appointment of the arbitrators, the control of the arbitration proceedings, the administration of oaths, the procuring and admission of evidence, and the making of the award.

"(b) The transfer to or vesting in the government or its nominees of the preference and common stocks upon the issue of new guaranteed stock in exchange therefor.

"(c) The resignation or vacating the officers of the board of directors of the Grand Trunk and of each company comprised in the Grand Trunk System upon the preference and common stocks being transferred to or vested in the government.

"(d) The entrusting to the said committee of management by the minister of Railways and Canals as receiver of the Grand Trunk Pacific Railway System on terms to be approved by the governor-in-council, of the exercise of such of his powers as receiver as the governor-in-council may deem requisite in order that the operation and management of the said Grand Trunk Pacific Railway System may be conducted in harmony with the operation of other railways and properties under the control of the said committee.

"(e) The continuation and administration of the Grand Trunk Railway of Canada Superannuation and Provident Fund Association, the Grand Trunk Pension Fund and the Grand Trunk Railway Insurance and Provident Society in accordance with the terms to be set forth in said agreement.

"(9) That the government and the Grand Trunk and each company comprised in the Grand Trunk System and all persons interested therein be hereby respectively authorized and empowered to enter into the said agreement upon and subject to the terms therein set forth, and to do and perform all such acts and things as may be deemed necessary to observe, perform and comply fully with the terms and conditions of said agreement.

"(10) That any orders of the governor-in-council which the government may deem requisite, to vest in the government any of the preference or common stocks not transferred to the government or its nominees under the terms of these resolutions, or requisite to vacate any office of director, or otherwise to carry into effect the terms and provisions of the said agreement, may be made and passed with the effect specified in any such order in council.

"(11) That upon the transfer to or vesting in the government of the preference and common stock as herein provided for the government may, by order-in-council provide for the discharge of the receivership of the Grand Trunk Pacific Railway System and the termination and withdrawal of the proceedings in the Exchequer Court of Canada relating thereto."

In introducing the resolution, Hon. Mr. Meighen explained that while the plan had met the approval of Sir Alfred Smithers and would be recommended by him, the

final decision on the Grand Trunk side lay with the shareholders. On the government side, a bill is to be introduced which, if passed, will enable the government to take over the road on the terms outlined, should the shareholders approve. He intimated that there was no disposition on the part of the government to "railroad" this legislation through the House. "Nothing is farther from the intention of the administration in this regard," he said. "This is one of the most important transactions that this country has had to consider or has ever been called to enter into, and now that it is before parliament it is hoped that the most careful and most attentive consideration will be given to it, and that every detail will be thrashed out. All papers that we have or that we can secure will be laid before parliament, and our only appeal is that there be no haste, but that the deliberation be careful, thorough and exacting."

### Grand Trunk Pacific History

On October 15th, the resolution was discussed in the House, and then went into the committee stage. Hon. Dr. Reid, Minister of Railways, stated that the Canadian Pacific is opposing the nationalization of the Grand Trunk, and that if the latter is not taken over by the government it would shortly be absorbed by the Canadian Pacific Railway. He also reviewed the history of the Grand Trunk as follows:—

"The resolution which is now submitted to the committee contains the bill which I will introduce on the passing of the resolution. It may be well for me to state what has led up to the present position and the decision to take over the Grand Trunk Railway System. The committee will remember that the Grand Trunk Railway Company, under the management of the late Chas. M. Hayes, decided in the year 1903, that the Grand Trunk Railway Company, in order that it might be able to compete on an equal basis with the Canadian Pacific Railway, must extend its lines into the territory of the great Northwest. Accordingly, they applied to parliament for and received a charter to build a railway from Winnipeg to the British Columbia coast. The government of the day decided that they would construct a road from Winnipeg to Moncton and hand it over to the Grand Trunk Railway Company under a lease. The facts in connection with this transaction have been discussed so often in the House that I do not intend going into any further details except to say this, that on the completion of the Grand Trunk Pacific Railway and the Transcontinental Railway, the Grand Trunk System, or what is known as the old Grand Trunk Railway Company, held themselves responsible for the cost of operation and all liabilities that might be incurred in connection therewith. They refused to take over the Transcontinental between Winnipeg and Moncton, and the government have been operating that railway since its completion at an annual loss of several million of dollars. On the completion of the Grand Trunk Pacific Railway, the Grand Trunk Railway Co. became responsible for the operation and fixed charges of the Grand Trunk Pacific. The Grand Trunk Railway Company in February last refused to continue paying interest on bonds guaranteed by them, and accordingly the road had to go into the hands of a receiver.

"Let us see what assistance the government of Canada had given to them up to that date over and above the agreement that was made in connection with this railway. These are the items: First, in 1909, a loan was made of \$10,000,000; in 1913, a loan of \$15,000,000; in 1914, a loan of \$6,000,000; in 1914, a further guarantee of their bonds to the value of \$16,000,000; in 1916, a loan of \$8,000,000; in 1917, a loan of \$7,500,000; in 1918, a loan of \$7,500,000; or a total of \$70,000,000 has been advanced to the Grand Trunk Pacific Railway Company over and above what was originally intended.

"Of course, mortgages were taken on the road, but what good was that security if the road was losing money? Was it not better either to take over the road or make some disposition of it that would stop further enormous yearly losses such as I have mentioned? Why did the government advance these loans to the Grand Trunk Pacific? It was be-