

quirements and that \$30,150,500 more capital was necessary to make the requisite additions.¹ If we add these two latter amounts, together equal to \$51,331,845.07, to the above amount of the Grand Trunk bonded obligations for itself and its subsidiary, \$305,614,127.86, we shall get \$356,945,972.93 as the amount for which the government would have become responsible had it taken over the Grand Trunk at the end of 1916. But if this course should be taken by the end of the present year, the above-mentioned amount of the government responsibility will be greatly increased by several factors. In the first place, there will have to be an additional sum required for betterments, rolling stock and extensions during the three years 1917-1919. Then, the expense of these things, if carried out now, would be fully one-half more than the same program would have cost before the war. And, lastly, the amount would have to be increased by the sum which the government would have to pay the shareholders for their equity in the property, should the method of arbitration be adopted as in the case of the Canadian Northern. These three additions to the above figure would indicate that, as a result of taking over the Grand Trunk, the Dominion government would have to assume capital obligations to an extent approximating \$400,000,000.

Annual Capital Charges

Let us look next at the annual charge which must be borne by the government as a consequence of its acquisition of this road. The interest upon the above bonded obligations may be given in the same order as follows, allowing £1=\$5:—

	Amount of annual interest.
1. Grand Trunk Railway perpetual debenture 5s, £4,270,375	\$ 1,067,594
2. Grand Trunk Railway perpetual consolidated debenture 4s, £24,624,455	4,924,891
3. Grand Trunk Railway second equipment 6s, £373,000	111,870
4. Great Western perpetual debenture 5s, £2,723,080	680,770
5. Northern Railway of Canada third preferred debenture 6s, £14,500	4,350
6. Northern Railway of Canada perpetual debenture 4s, £308,215	61,643
7. Canada Atlantic first mortgage 4s, £3,287,690	657,538
8. Grand Trunk Railway equipment 4½s, \$5,755,000	258,975
9. Grand Trunk Railway 5½ per cent. secured notes, unmatured, £2,500,000	687,500
10. Wellington, Grey and Bruce bonds, £62,400 ²	12,855
11. On the matured bonds there would be no interest payment.	
12. Collateral car trust 5s, \$225,000	11,250
13. New England Elevator Co. first mortgage 3¾s, \$250,000	9,375
14. Montreal Warehouse first mortgage 4s, \$1,000,000	40,000
There is also "Annual interest sanctioned but unexercised" ³	500,513
Making in all	\$ 9,029,124
To this we must add:—	
(a) Rentals due for leased lines, £155,206 ⁴	776,030
(b) Interest on \$15,000,000 Grand Trunk Western 1st mortgage 4s ⁵	600,000
(c) Interest on Grand Trunk Pacific bonds guaranteed by Grand Trunk Railway, viz.,	

¹ Report of the Railway Inquiry Commission, p. xxxiv.

² These bonds have a variable interest return; but I have taken the amount of interest which was paid in 1917, namely, £2,570 17s. 7d. (Annual Report of Grand Trunk Railway Company, 1917, p. 10).

³ Part of this is by Acts of 1911 and 1912 set aside for specific purposes and part is interest on pledged securities. (Annual Report of the Grand Trunk Railway Company, 1917, p. 11).

⁴ Annual Report of the Grand Trunk Railway Company, 1917, p. 32.

⁵ The interest on these bonds is guaranteed by the Grand Trunk Railway Company. (Moody: "Analyses of Investments. Steam Railroads," 1917, p. 1243).

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