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Grand Trunk To Be Government Line

Government Proposals, However, Provide for Control of Company, Not Absolute Ownership—Value of Stock to be Fixed by Arbitration—Operation by Board of Five, in Harmony with Canadian National Railways

ON October 10th, a resolution was introduced into the House of Commons by Hon. Arthur Meighen, Minister of the Interior, providing for the acquisition by the government of the entire capital stock of the Grand Trunk Railway Co., excepting the four per cent. guaranteed stock. This is the result of negotiations extending over a period of eighteen months, and action along this line has been definitely anticipated since Sir Alfred Smithers, chairman of the Board of Directors of the Grand Trunk, came to Ottawa in August. The plan must be assented to by the parliament of Canada and by the shareholders of the road. The resolution, which gives a full statement of the proposal, is as follows:—

"Whereas the present capital stock of the Grand Trunk Railway Company of Canada consists of the following:—

Four per cent. guaranteed stock	£ 12,500,000
First preference five per cent. stock	3,420,000
Second preference five per cent. stock	2,530,000
Third preference four per cent. stock	7,168,055
Common stock	23,955,437

Total

£ 49,573,492
"And whereas the present outstanding debenture stocks of the Grand Trunk Railway Company of Canada, consisting of:—

Five per cent. Grand Trunk debenture stock ..	£ 4,270,375
Five per cent. Great Western debenture stock ..	2,723,080
Four per cent. Grand Trunk debenture stock ..	24,624,455
Four per cent. Northern debenture stock	308,215

Total

£ 31,926,125
(hereinafter called the 'present debenture stocks') are entitled to certain voting powers at meetings of shareholders of the Grand Trunk Railway Company of Canada;

"And whereas, it is expedient that his Majesty should acquire the whole of the capital stock of the Grand Trunk Railway Company of Canada except the four per cent. guaranteed stock above referred to;

"It is therefore resolved that it is expedient to provide as follows:—

"(1) That, subject to the provisions of these resolutions, his Majesty the King, represented by the Minister of Railways and Canals of Canada, acting under the authority of the Governor-in-Council (hereinafter called the 'government'), may enter into an agreement (hereinafter called the 'said agreement') with the Grand Trunk Railway Company of Canada (hereinafter called the 'Grand Trunk') and with such other companies and interests as the government may think necessary for the acquisition by the government of the entire capital stock of the Grand Trunk, except the four per cent. guaranteed stock of the Grand Trunk, amounting to £12,500,000, the latter being hereinafter called the 'present guaranteed stock.'

"(2) That the said agreement shall contain provisions for the defining of the companies, properties and interests comprised in the Grand Trunk System, and, including the

terms and provisions hereinafter set forth, may contain such other terms and conditions as the parties may agree upon.

"(3) That as part of the consideration for such acquisition the government may agree to guarantee the payment of:—

"(a) A dividend, payable half-yearly, at four per cent. per annum upon the present guaranteed stock.

"(b) The interest upon the present debenture stocks as and when payable, in accordance with the terms thereof. (These guarantees to take effect upon the date of the appointment of the committee of management hereinafter mentioned.)

"(c) Dividends payable half-yearly at four per cent. per annum from the date of the appointment of the committee of management hereinafter provided for, upon an issue which is hereby authorized by the Grand Trunk under the terms of the said agreement of non-voting capital stock (hereinafter called the 'new guaranteed stock') not exceeding the amount determined by the Board of Arbitration as hereinafter set forth.

"Provided that concurrently with such guarantee of dividends and interest upon the present guaranteed stock and the present debenture stock, respectively, the voting powers at meetings of shareholders of the Grand Trunk now vested in or exercised by the holders of the said stock, respectively, shall cease and determine absolutely.

"(4) That the present guaranteed stock and the new guaranteed stock or any part thereof may be called in or redeemed by the government at par, at any time after thirty years from the date of the appointment of the said committee of management, on six months' notice by advertisement to the holders thereof.

"(5) That the value of any of the first, second and third preference stocks and the common or ordinary stock of the Grand Trunk now issued and outstanding to the face values above mentioned (hereinafter together called the 'preference and common stock') shall be determined by a board of three arbitrators, one to be appointed by the government, one by the Grand Trunk and the third by the two so appointed or, failing agreement, by judges to be designated in the said agreement. New guaranteed stock to amounts not exceeding the value, if any, so determined, carrying a dividend as hereinbefore authorized, shall be distributed among the holders of the preference and common stock upon the transfer to or vesting in the government of such stock in proportions which shall be determined by the arbitrators.

"(6) That as soon as said agreement has been ratified by a majority of the holders of the stocks enumerated in the preamble to these resolutions, present in person or by proxy, and voting at a special general meeting of such stockholders duly called for the purpose of considering such agreement;

"(a) A committee of management shall be formed, consisting of five persons, two to be appointed by the Grand