

GRAND TRUNK AND NATIONALIZATION

Commissioners Cannot Ignore British Shareholders' Right to Justice, Says London

That the proposals of the Railroad Inquiry Commissioners regarding the Grand Trunk Railway Company, are very unfair to the shareholders, and assure them only a fraction of the dividends received in the past, is the opinion of the Canadian Gazette, of London, which says:—

In this country, as is only natural in view of the immense amount of British capital invested in the undertaking, the position of the Grand Trunk Company under the projected scheme of nationalization has claimed primary consideration. The opinion almost universally held is that if that scheme were ever carried out on the lines suggested by the majority of the commissioners, the Grand Trunk Company would be the victim of gross injustice. Even if the commissioners had recommended that the property should be purchased on the basis of past dividends, the shareholders might reasonably have felt aggrieved, since they would have received no compensation for their surrender of the right to participate in the company's increasing prosperity in future years. But the commissioners' proposal is merely that the shareholders should be given a percentage of the average dividend payments for the past ten years, several of which were far from being profitable.

Shareholders Deceived.

Yet many holders of Grand Trunk securities purchased their stocks not in expectation of immediate gain, but only in the hope that eventually, owing to the great potentialities of Canadian economic development, the company would attain to a state of marked prosperity enabling it to pay all its preference charges with ease, and possibly to make a regular if moderate return on its ordinary stock. Considering the good results obtained by the company under favorable conditions, the expectation was by no means unreasonable, and purchasers of Grand Trunk securities can hardly be blamed for entertaining it. What they never bargained for was a proposal by a responsible Royal Commission that they should be bought out on a basis assuring to them only a fraction of the dividends they have received in the past.

Government Must Uphold its Reputation.

These are points which the present government must take into account when it comes to deal with the Grand Trunk Company. The commissioners can afford to ignore such considerations, but a government which desires to act with strict fairness and justice cannot do so without impairing not alone its own reputation, but that of the Dominion in financial circles abroad. Were the commissioners' recommendations to be carried out without very drastic amendments, it is safe to say that the confidence of British investors in Canadian enterprise would be unduly shaken. We feel sure, however, that the Dominion parliament, when it carefully discusses the question and calmly considers the issues at stake, will decide, in spite of the commissioners' advice, not to perpetrate a piece of gross injustice which would seriously jeopardize the chances of Canada obtaining after the war the large amount of foreign capital she requires for the development of her resources.

View of the London Statist.

What action the Canadian government will take in the matter, whether the majority or the minority report will receive the greater support, we cannot pretend to predict; but we may be certain that, before coming to a decision, every effort will be made by the Canadian government to study the interests of all concerned. In the opinion of the majority report there should be no delay on the part of the government in arriving at a decision, for the pressing public interest demands that immediate action is necessary. For when the war is over and immigration again flows freely into the Dominion—probably more freely than ever before—there is the prospect of the development of Canada being at a more rapid rate than has ever been witnessed in the past, and of the vast amount of capital which British investors have placed there proving more productive than ever before.

The following companies have increased the number of their directors: Burroughs Adding Machine Company of Canada, Limited, from five to seven; Wheat Export Company, Limited, from seven to nine.

ASBESTOS PROPERTY FOR SALE

Writing to Mr. W. L. Edmonds, author of a recent article in *The Monetary Times* regarding the Canadian asbestos industry, Mr. A. Manseau, Drummondville, Que., says:—

The trouble is that there are not enough companies to supply the demand. There are yet in the province of Quebec acres and acres of asbestos land waiting to be opened by capitalists. I have a land myself of 200 acres, and I have nothing else than serpentine asbestos all through the property ready to be worked, but not enough capital to work it up. If you have anyone who would like to buy, I am willing to sell the 200 acres I have. I have good buildings on these lots, one mile and half from railway, two miles from electric wires for power. One well was made at ten feet, and we got one inch and one and half inch good fibre asbestos. Lot at the end of my lots was sold last October, and they are getting out now daily one carload raw asbestos. They will put up a mill this summer. If you get any dealers, I will give them thirty or sixty days to work on the property so as to make sure that it is good. I know in advance that my property is very rich in asbestos."

NAVIGATION COMPANY'S BOND OFFERING

An offering of \$600,000 first mortgage 6 per cent. serial gold bonds of Canada West Coast Navigation Company, Limited, is being made by the Tillotson and Wolcott Company, of Cincinnati. The capitalization of the company is as follows:—

Preferred stock, authorized—\$1,250,000... Issued \$ 825,000
Common stock, authorized— 1,250,000... Issued 1,250,000
Bonds—\$800,000, issued in Series "A," "B," "C," "D," "E," "F," "G" and "H" of \$100,000 each.

The company is made up of men active in Canada Steamship Lines, Limited, and is engaged in ocean shipping on the Pacific. It is acquiring a fleet of fast auxiliary five-masted schooners, each equipped with two Bolinder engines. These vessels are to carry lumber from Vancouver to Australia, coal and sugar on the return trip, and meet the necessities of the Pacific trade of Canada. These boats are worth \$200,000 apiece and are built to Lloyd's highest class. Each boat has a capacity of about 1,500,000 feet of lumber, or about 2,400 tons of other cargo; each is 265 feet long and 44 feet beam, and they are splendid vessels for this type of business. The bonds are issued in series of \$100,000 each and are certified as the boat is put into commission. The boats are built under a contract let in May, 1916, and would cost \$240,000 apiece to build to-day. Each vessel operates under a favorable subsidy from the provincial government. By means of this act each boat is assured net earnings of \$30,000 per annum for a period of ten years after the close of the war. The estimated earnings of each boat for the present year, on the basis of contracts let, is \$80,000. The maximum interest and maturity requirements of each series is \$16,000.

The officers and directors of the company are as follows: M. J. Haney, chairman of board; R. M. Wolvin, president; J. W. Norcross, vice-president; James Whalen, vice-president; H. W. Brown, general manager; F. S. Isard, secretary; J. F. M. Stewart, treasurer. Directors—M. J. Haney, Toronto, Ont., contractor and capitalist, president of Home Bank of Canada, director of Canada Steamship Lines; R. M. Wolvin, Montreal, Que., vice-president Collingwood Shipbuilding Company, director of Canada Steamship Lines; J. W. Norcross, Montreal, Que., vice-president and managing director Canada Steamship Lines, director Canadian Vickers, Limited, and of Sterling Bank of Canada; J. P. Steedman, Hamilton, Ont., president Gurney Scale Company, director Canada Steamship Lines; J. F. M. Stewart, Toronto, Ont., president Canadian Northwest Steamship Company; James Carruthers, Montreal, Que. (James Carruthers and Company), president Canada Steamship Lines, director Dominion Bank of Canada; James Whalen, Port Arthur, Ont., president British Columbia Sulphite Fibre Company, president Western Dry Dock and Shipbuilding Company; Commander Sir A. Trevor Dawson, R.N., London, England, deputy chairman Vickers, Limited, honorary president Canada Steamship Lines; H. B. Smith, Owen Sound, Ont., president Collingwood Shipbuilding Company, director Canada Steamship Lines; C. A. Bernard, K.C., Montreal, Que., director Canada Steamship Company, Limited, director Home Bank of Canada.