Grand Trunk Negotiations Through Commons

Senate Now Discussing Measure—Grand Trunk Stocks and Their Market Value — How U.S. Lines Will Be Handled — Report of Parliamentary Committee on Soldiers' Civil Re-establishment

(Special to *The Monetary Times.*)

AFTER a stormy two weeks' passage in the Commons, the Grand Trunk bill is now having an equally turbulent time in the Upper Chamber. By the time this is in print, the fate of the measure will likely be known. For the past two weeks the Upper Chamber has been the scene of the most intense lobbying. There has been lobbying by the powerful interests which are opposed to the measure, and equally strong wire-pulling on the part of the government to keep its followers in line. Threats were made of an appeal to the country and of the appointment of new Senators to force the bill through. In addition, there were intimations of drastic Senate reform if the bill was killed. Incidentally there is good reason to believe that the government has under consideration the question of Senate reform next session.

The chief weakness of the attacks on the government's proposals have been the lack of any alternatives. Mr. Frank Cahill, member for Pontiac, who poses as the Opposition's railway critic, made an interesting proposal as a counter alternative. He submitted three tables. The first showed the entire capital stock, guaranteed, preference and common, par value of $241,257,658, listed on the London Stock Exchange as quoted on the day the agreement for arbitration was made, October 10. This showed a market value of $58,391,971. The price of the common stock was 9, the guaranteed 46 and the three preference stocks 50, 37½ and 20. He proposed that the government should pay the price for that day. This would mean that the government would pay $2,441,361 less than the value of the guaranteed stock, which is $60,833,322 for the whole system. The weakness of the proposal is that the Grand Trunk would never have voluntarily submitted to such a plan, and the government to prevent liquidation, which it did not want, had to proceed by negotiations.

The appointment of Sir Walter Cassels as the third arbitrator and the inclusion of his name in the bill, helped considerably to smooth the way for the passage of the measure, as far as the government supporters were concerned, both in the House and the Senate. Everyone at Ottawa has the utmost confidence in the integrity and the fairness of the chief justice of the Exchequer Court. It is felt that, after all, the final award will largely depend upon the decision of the third arbitrator, and there was considerable uneasiness even among the government's most faithful followers over the bill as it was first drafted, with the chief arbitrator unnamed. With no maximum in the bill and no review by Parliament, it was felt that too much power was being left in the hands of one unknown man. Upon his decision would mean the possible payment of millions.

The question of the position of Canada towards the United States after it has acquired the Grand Trunk, occupied considerable time of the House. There is no doubt there will be an anomalous situation as King George will be the owner of a vast railway system with magnificent terminals in a foreign country. The harbor at Portland, Maine, will be almost a Canadian port. The Grand Trunk has magnificent terminals in Portland, with three immense elevators. The Opposition even made an issue of the question and moved an amendment on the third reading. However, it met the fate of all the Opposition amendments.

Hon. Charles Murphy, ex-secretary of state, said that he had written to Washington on the subject and had obtained an official view of the American attitude. Apparently, the United States will not object to a Canadian railway being operated by the Dominion government in the United States, provided it abides by American regulations. He said he had been informed that if the United States continues to operate the railways the Canadian government would have to obtain operation permission. If the government hands back the lines there will be inaugurated a "zoning" system, whereby certain groups of railways will be restricted to operation within certain defined zones having some large centre of population as the pivotal point within the zone. The Canadian government would have to conform to this proposed system.

National Finances and the Gratuity

The Grand Trunk bill out of the way the Commons will pass to the report of the Committee on Soldiers' Civil Re-establishment. This promises to be as controversial as the railway bill, although there is no doubt the report will be sustained. Both government and Opposition members of the committee united in turning down all forms of gratuities on the ground that it was financially impossible. The only rider of the Opposition was the obvious political play of adding a clause that the reason the proposals were financially impossible was the gross extravagance of the government. It looks as if there will be at least two amendmends to the report of the committee. Col. J. A. Currie, North Simcoe, who has been championing the Calgary gratuity plan *in toto*, will likely move its adoption, while Major Andrews, D.S.O., Centre Winnipeg, who is a member of the executive of the Great War Veterans, will undoubtedly move that the plan submitted to the committee by that body be accepted.

The government and its supporters must be at least given credit for courage. As one newspaper remarked, "they were dying game." In view of the overwhelming feeling among the soldiers of the country as to the plans proposed by the committee the government is apparently sealing its doom by so flatly rejecting all plans suggested by the veterans. The House members will, of course, emphasize the financial position of the country in defending the report and it must be admitted some imposing figures were included in the document laid on the table of the house.

The report contains an appendix containing comprehensive statistics as to the state of the national finances. These statements show that the net national debt has increased from $335,996,000 in 1914 to approximately $1,950,000,000 in 1919; that the ordinary expenditures of the government have increased during the same period from $127,384,472 to an estimate of $270,000,000 for this year; that approximately thirty million dollars will be expended annually hereafter for pensions; that the estimated interest on the national debt for the fiscal year ending March, 1920, amounts to $102,767,000 and there will be a further large increase in this item next year.

In a statement submitted to the committee by the Deputy Minister of Finance, it is shown that the commitments of Canada for the year 1919-20, for which money must be borrowed on capital account, as shown by the estimates voted at the last session of Parliament, amount to $529,122,445. This statement embraces expenditure on public buildings, soldiers' land settlement and demobilization. To the total of these there must also be added necessary expenditures in connection with the Grand Trunk Pacific, provision for credits to Great Britain and allied countries, Halifax relief and loans to provinces for housing, $170,000,000, making a total for the present fiscal year of $699,122,445. In so far as capital expenditures for the year are concerned, the deputy minister intimated that, in his opinion, these would not likely be less than $210,000,000. In addition it was pointed out that if the recommendations made by the committee are put into effect a further expenditure of $50,-