guaranteed. The total amount of that authorized issue was limited under the terms of the mortgage to $70,000,000.

The bonds are to run fifty years, maturing in 1962. They bear interest at the rate of 3 per cent., and are guaranteed absolutely, as to principal and interest, by the Dominion of Canada.

Famous Implementing Clause.

In 1903, at the time the first agreement was entered into, it was thought that these bonds would sell at about par. By the year 1904 it became apparent that that expectation would not be realized, and in the agreement of that year there was inserted a clause—commonly known as the "implementing clause"—whereby the government agreed to implement its guarantee to the extent of the difference between the selling value of the Grand Trunk Pacific bonds and par.

A dispute arose between the government and the company as to the interpretation of that clause, the government contending that the company should issue additional bonds to be guaranteed by the government, so that the government's liability would be secondary and not primary, and that the company should be liable, as maker of the bonds, for the amount required to implement, so as to realize the par value of the bonds sold at less than par.

The railroad company, on the contrary, contended that the government should make good the amount of difference in cash. The Supreme Court of Canada held in favor of the contention of the government, but on appeal to the Judicial Committee of the Privy Council in England this decision was reversed.

Government Paid Cash.

Up to January, 1913, the amount required to make up the difference between the selling value of the bonds which had been issued and par was $4,994,000. The Dominion government, therefore, provided that amount in cash. At that date there remained $34,000,000 of the bonds to be sold, and had these been disposed of at prevailing prices, the government would have had to pay about $8,000,000 more in implementing. So it decided to use available funds in purchasing at par a large amount of the bonds.

The finance minister reported in May, 1913, that securities of the par value of $13,961,006 had already been purchased and that from month to month, as funds were required by the company, further purchases would be made until the remainder of the issue had been acquired. Early in 1914 the Dominion government agreed to guarantee $16,000,000 of the Grand Trunk Pacific's bonds. Up to the outbreak of war the railroads had not succeeded in selling any of those guaranteed securities. When the war broke out their chances of doing so were nil. Still, they needed money.

The railway company is understood to have endeavored to obtain a loan in the United States. The best that could be obtained was an offer of $1,000,000 for a very short period at 10 per cent. The Dominion government came to the rescue by lending $6,000,000 upon the security of $7,500,000 of bonds. This, briefly, is the story of the partnership of the Canadian government and the Grand Trunk Pacific.

The partnership is still a little more close in the case of the Canadian Northern. In May, 1914, the Dominion government guaranteed $45,000,000 of Canadian Northern securities. The common stock was reduced from $145,000,000 to $100,000,000, of which $40,000,000 was transferred to the Dominion government, which is, therefore, a heavy stockholder in the road besides being a guarantor of other securities.

In addition, many of the provincial governments have guaranteed bonds of this road on mileage constructed through their territory. About the time war broke out the Canadian Northern also had a load of its guaranteed securities and no market in which to sell them. The government had again to assume the rolé of lender, advancing $10,000,000 upon the security of $12,500,000 of the guaranteed debentures.

To Find Permanent Solution.

Now the critical time has arrived when loans and such assistance are regarded by all authorities as merely temporary expedients so far as these two railways are concerned. Sir Thomas White pointed out in the House at Ottawa last week that the policy of the government had been to maintain Canada's credit during the war and that since the Dominion and the provinces had guaranteed $115,000,000 of securities in the case of the Grand Trunk Pacific and $211,000,000 in the case of the Canadian Northern, the country's credit was involved to that extent. There were but three courses open to Canada, he said: the liquidation of the railways, their nationalization, or the granting of temporary assistance, such as the government had decided upon, namely, loans of $8,000,000 and $15,000,000 respectively to the Grand Trunk Pacific and the Canadian Northern. The House approved the former loan on Saturday and the latter on Monday last. In the meantime, a special government commission will investigate the entire railway situation.

REGULATION OF TRANSPORTATION RATES

Particularly opportune at a time when the country is thinking about the nationalization of railroads, is a new volume which is a study of the transportation costs of commerce, with especial reference to American railroads. It is a presentation of the theory of transportation rates in their relation to commerce, illustrated with a sufficient number of court cases to make it practical. The treatment comprises a classification of the costs of transportation and a discussion of the extent to which each class of costs does affect and ought to affect rates; a description of monopoly conditions and the effect of monopolistic rates on commerce; and a discussion of the various kinds of discrimination. Considerable space has been given to the important decisions and theories of the Interstate Commerce Commission and the various kinds of governmental interferences with transportation.

"Transportation Rates and their Regulation." By Harry Gunnison Brown, Assistant Professor of Economics in the University of Missouri. Price, $1.50. Published by the Macmillan Company, Limited, Bond Street, Toronto.

ALBERTA'S GOOD EXAMPLE

A thoughtful person in the service of the province of Alberta has had prepared a synopsis of the important acts passed at the latest session of the provincial legislature. In a few pages it embodies the essential facts of the various measures of interest to business, financial and insurance men and the general public. A similar synopsis issued by the federal and all the provincial governments at the close of their sessions, would be of great value to the business world. The other governments might well emulate Alberta's example.

The Agricultural War Book, 1916, issued by the department of agriculture, Ottawa, continues the good work of the previous issue. There is this good advice on the cover, "In war time produce more and save more, make your labor efficient, save materials from waste, spend your money wisely." The volume is divided under the headings: War and Finance, Production, Food Supplies, Live Stock (dairying, poultry), Thrift, Woman and War, etc.