

reduced rates into our territory. We believe that the cancellation of the North Bay agreement by the G. T. two months ago was the result of an understanding with the American lines, & was intended to place us at a disadvantage in the coming contest; & in view of our past relations & the loss of revenue that must result to the G. T., their action is inexplicable.

"But now let me turn to something more agreeable. We have had a fairly prosperous year, & the financial results, after due provision for all expenses of working & ample maintenance, have enabled the directors to make a distribution of dividends at the rate of 4% for the past year, & to carry forward \$897,088 surplus to the reserve, & so far as we can see this prosperity will continue and increase.

"We have never entered upon a new year with so cheerful an outlook as at present. An analysis of the traffic of the various sections of the main line, the branch lines, & the auxiliary services on the sea, lakes, & rivers, shows that practically no mistakes have been made in the development of the system so far as we have gone. Some things have had to be done ahead of time in order to protect our future, & we have had to wait for a good many vacant spaces on our lines to become productive, but nearly all of these spaces are now yielding revenue, & practically all of our branch lines are self-supporting.

"We have been forced to make lines which we did not, at the time, wish to make, but the results have shown that we have nothing now to regret in this regard. Our heavy movement of passengers westward is not all towards the Klondike by any means. A great many settlers are going to the prairies of the Northwest, from the soil of which gold will the more surely come, & a great many more are going to take farms in British Columbia or to work the big mines of the Kootenay. Our reports tell us that the area of land prepared for seeding in the Northwest is 20% greater than ever before, & development & new industries seem to be the rule everywhere in the vicinity of your lines.

"The directors are asking your authority to expend a considerable amount of money for improvements of various kinds. These expenditures have in the past brought a very handsome return, as is evidenced in part by the reduction in our ratio of working expenses to gross receipts to 57% & the expenditures now proposed will be equally profitable. The directors are also asking your authority to provide adequate rolling stock for the further increase in traffic which they confidently expect, but the money will not be expended unless the need becomes a certainty. The use of extra heavy locomotives which has been made possible by the improvement in the permanent way has had a marked effect on the cost of transportation, & within a short time only the heavier type of locomotives will be used on your principal lines."

MR. MORRISON'S INEVITABLE CRITICISM

was about on the usual lines. He said the annual dividend had been more meagre than the financial results of the year warranted. Instead of carrying over such a large surplus, the directors should have made the last semi-annual dividend 3½ instead of 2½%. He hoped it was not the intention to give the surplus withheld from the common stockholders to the holders of preferential stock. He regarded with pleasure the decrease in the working expenses, which were 3.64% less than last year. He understood that the ratio of expenses to earnings was the lowest in the history of the company.

The President said it was.

Mr. Morrison, continuing, remarked that he thought the report highly optimistic, the position being distinctly boomed on every page. He asked for explanations regarding the item of \$667,000 increased liabilities & the item

of \$3,100,000 surplus earnings. From whom had the former amount been borrowed, & was the latter amount held for interest to be paid to the shareholders?

The President said that the Co. acted as its own banker. The first account asked about was for material for the Crow's Nest Pass Ry., the last amount in question was held for general purposes. Instead of borrowing from the banks the company borrowed from itself.

Mr. Morrison recommended to the management the construction of steamers of a size that they could take on 3,000 tons of freight at Port Arthur, & proceed without transshipment to Liverpool. Small steamers were really the only ones which trade could afford to patronize. The big new express steamers were only fit for high-flyers & railway officials with immense salaries. As things went now-a-days, it was only extravagantly-salaried railway officials who could afford to travel by the passenger steamers, & as they travelled on free passes, it was hard to see where the dividends were to come from. As to the rate war, Mr. Morrison described it as a piece of abject folly. Competing lines should be left severely alone. He hoped that in future the C.P. would pay no attention to what the G.T. or any other railways did.

The President—"I am afraid that then you would not have many dividends, Mr. Morrison."

Mr. Morrison, continuing, said his experience was that conferences of railway men were very much like bankers' associations. A lot of men got together to see who were the greatest fools among themselves.

The report was then adopted, & a number of resolutions passed authorizing the taking over of a number of railway charters in B.C. used in connection with the construction of the Crow's Nest Pass Ry.

In moving one of these resolutions, H. W. Birks, as an English shareholder, & member of the London Stock Exchange, took occasion to congratulate the management upon the fine outlook before the Co. He had just completed a journey of over 7,000 miles over the Co.'s system, & he had been most favorably impressed. He had started a firm believer in the C.P.R.; he was going home sanguine that there was a most prosperous future before the Co. In the words of Dr. Johnson, "The potentialities of wealth are beyond the dream of avarice."

Resolutions were then adopted approving of the purchase of the Columbia & Western Ry. from Rossland to Robson, the construction of the branch line from Slocan Lake to Slocan Jc., the acquisition of the 4-mile siding from St. Stephen, N.B., to milling properties, the proposed double tracking of the line between Montreal & Toronto, & the estimates for the ensuing year, as follows:—

Permanent bridges, ballasting & other improvements of permanent way.....	\$1,399,550 00
Terminal facilities, stations, wharves, grain elevators, additional sidings & fences.....	748,104 00
Rolling stock & other equipment, & for automatic freight train brakes & couplers.....	1,919,875 00
Steamships & Lake & River Steamers.....	375,000 00
Additional Telegraph Lines & Cables.....	252,696 00
	<u>\$4,695,225 00</u>

In connection with the double tracking of the Montreal-Toronto line, Sir William remarked that it is ultimately intended to double track from Port Arthur to Winnipeg, & from Montreal to Farnham, & steps had already been taken in that connection, but the Montreal-Toronto section was regarded as the most urgent.

The following Board of Directors was then

re-elected: Lord Strathcona & Mount Royal, Sir Wm. Van Horne, T. G. Shaughnessy, R. B. Angus, E. B. Osler, M.P., Toronto; Sir Sandford Fleming, Ottawa; Sir G. A. Kirkpatrick, Toronto; G. R. Harris, Boston; W. D. Matthews, Toronto; Hon. D. McInnes, Hamilton; T. Skinner, London, Eng.; J. W. MacKay, New York; Gen. S. Thomas, New York.

At a subsequent meeting of the directors Sir Wm. Van Horne was re-elected President, & T. G. Shaughnessy Vice-President.

The C.P.R. Co's. Report.

RAILROAD GAZETTE, NEW YORK.—To read the annual report of the C.P.R. is something likereading the story of one's youth. That road still has certain immense advantages, in that it lies in a country where people are yet disposed to look upon railroads as important aids to their own prosperity, & where the Populist legislator is still insignificant, & where there are immense & rich regions waiting the invasion of the railroad. Consequently the C. P. is still in the stage of active & vigorous growth. The affairs of this company are going on with great vigor & are in a very promising condition.

MONTREAL GAZETTE.—The C.P.R. Co. is only 18 years old. When its project was published people thought it would never be executed. The system to-day comprises 7,676 miles of road owned & operated, & 2 steamship lines on the Pacific. It has assets representing a value of \$245,000,000, earns \$24,000,000 a year, and is paying dividends where some thought it would not earn axle grease. Its story is one of the most wonderful in the annals of modern business enterprise.

Canadian Pacific Bookkeeping.

The New York Commercial Advertiser recently charged the C.P.R. with manipulating its bookkeeping by charging items of maintenance to capital account, & thus being able to make a better showing than it otherwise could. Sir Wm. Van Horne made the following reply when asked as to the truth of the charge:—"It is hardly worth while to answer a critic whose animus is so apparent. The chief burden of his complaint is that in dealing with our capital account we do not follow the 'enlightened' American practice: but there is no recognized American practice in this regard, & if there were, our preference for the recognized English practice should not give him any concern, our stock being chiefly held in England & Germany & Canada, & not in the U.S. At all events, the 'enlightened' American practice does not prevent occasional swarms of receivers."

Grand Trunk Earnings.

These figures include the G.T. of Canada, the Chicago & G.T., & the Detroit, Grand Haven & Milwaukee Rys.

	1898	1897	Increase.
Jan.....	\$1,916,332	\$1,639,614	\$276,718
Feb.....	1,674,453	1,522,246	152,207
Mar.....	2,048,970	1,803,279	245,691
	<u>\$5,639,755</u>	<u>\$4,965,139</u>	<u>\$674,616</u>

CALGARY & EDMONTON RY.'s net earnings for Jan. were \$17,190.89 against \$4,846.90 in Jan., 1897. In Feb. they were \$18,824.71 against \$3,393.04 in Feb., 1897.

At the annual meeting of the Montford Colonization Ry. Co. in Montreal, Mar. 8, last year's directors were re-elected as follows:— Jos. Brunet, E. D. Porcheron, E. Senecal, G. Chapleau, & J. W. R. Brunet. Jos. Brunet was elected president; E. D. Porcheron, vice-president; A. S. Hamelin, secretary, & D. W. Brunet, assistant secretary-treasurer.