

CANADIAN PACIFIC RAILWAY ACHIEVEMENTS

Many Benefits Have Come to Canada Through Grants Made to the Company

By H. M. P. Eckardt.

In an editorial on the subject of the Canadian Pacific Railway note issue, the Toronto Star characterizes the action of the directors in selling the notes to its shareholders at a price to net from 9½ to 10 per cent., as a breach of trust. Sir Thomas Shaughnessy and Sir Edmund Osler are taken to task for proceeding as if the land and other assets of the railway company were a piece of private property with which the people of Canada have nothing to do. Then the editorial goes on to say: "The people of Canada invested in the Canadian Pacific Railway twenty-five million dollars in a cash subsidy, twenty-eight million dollars worth of completed railway, built by the people of Canada, and twenty-five million acres of land." By means of some remarkable figuring the conclusion is next reached that the people of Canada have "invested" in the Canadian Pacific Railway "well over two hundred millions of dollars." This figure is arrived at by taking the cash bonus, \$25,000,000, plus the value of the completed work taken over which is stated to be \$28,000,000, plus \$93,000,000 (the net amount of proceeds of land sales, less \$8,000,000 expended in irrigation works). That gives \$146,000,000; and the lands yet remaining unsold are put in as more than \$54,000,000—to bring the total well over \$200,000,000.

After thus exaggerating the amount of the grants or payments to the Canadian Pacific Railway by the government, the newspaper takes the ground that the moneys and property transferred to the company represented an "investment" by the people, by virtue of which they attained a sort of partnership right to the returns or revenues to be derived by the railway company from the property in question, and from such other property as it might acquire subsequently with its own resources. As various other newspapers have been taking the same ground, it is worth while to subject the arguments they put forward to the light of common sense and reason.

Large Measure Due to Railway Building.

In the first place, let us examine the contention that the people of Canada have put over \$200,000,000 into the Canadian Pacific Railway property. We may pass without question the item of \$25,000,000 cash. The next is the \$28,000,000 placed on the completed work taken over. One might question this figure on remembering that the first attempt to build the transcontinental was a failure, and the completed portion something like a white elephant on the hands of the people of Canada. If no persons of substance had come forward undertaking to build through the thousands of miles of lone land, that part of the undertaking might have become valueless, or nearly so. But set it down as \$28,000,000.

Now we come to the land grant. If the party criticizing the company has any desire to be fair and just, he must place upon the land grant the value it had when it was made over to the company. For a purpose of this kind to take it at the present value is grossly unfair. Everybody knows that a large measure of the prosperity of the western provinces and the increase in values of the whole land area there, is to be ascribed to the building of the Canadian Pacific Railway main line and branches. Before the railway was built the lands were practically valueless. The Canadian Pacific Railway directors and stockholders have poured their own money by hundreds of millions into the western lines and branches, terminals, and various other things calculated to develop the west. And to a large extent the increase in value of their land grant is due to their own expenditures and work. In other words, they themselves put much of the enlarged value into the land.

Have Received Value.

Taking into account the fact that the lands were inaccessible and could only be made accessible through the building of the railway main line and numerous branches, it is probably fair to value the 25,000,000 acres at \$1.50 per acre, or \$37,500,000 in all. One-quarter of the whole grant was re-transferred to the government in 1886, a year after the main line was built, at that price. Thus we get a total "investment" by the people of Canada of \$90,000,000 instead of over \$200,000,000.

The next thing to consider is whether this represented the investment of a partner entitled to share to some extent in prospective profits, or whether it was simply one side of an exchange of values or property. We all know that the whole arrangement is in the form of a contract or agreement between the government and the Canadian Pacific Railway Company. The right of the company to the land is clearly set forth; no sane person would dream of contesting it in the courts. And besides being safe in its possession of the property from the legal point of view, the Canadian Pacific Railway stockholders are well aware that the people of Canada have reaped a rich return for the money and property turned over to the company. If ever there was a case of value received it is here.

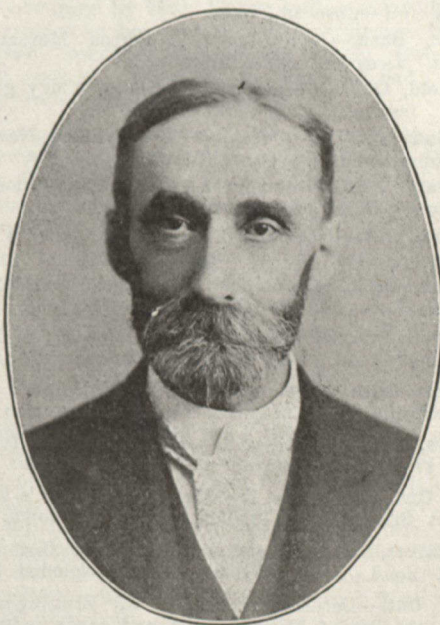
Let us glance for a moment in conclusion at the benefits or advantages which the people of Canada have acquired in exchange for the property delivered to the company. In the first

place, the province of British Columbia was gained. Nothing but the prompt building of the Canadian Pacific Railway main line would have kept British Columbia for the Dominion. So when they delivered the land, etc., to the Canadian Pacific Railway people, the government of the day expected to get returns in one way through the retention of the Pacific coast province in the Dominion. Next, as mentioned above, the people of Canada have the three prairie provinces populous and wealthy instead of a lone land, as a result of the grants made to the Canadian Pacific Railway. Largely because they made that grant to the Canadian Pacific Railway the hundreds of millions of acres owned by the people of Canada, apart from the 25,000,000 acres granted to the company, have increased to ten and even twenty times the value they possessed at the time the bargain was struck. The people of Canada have probably gained anywhere from \$500,000,000 to \$1,000,000,000 in this way as the direct fruit of \$90,000,000 worth handed to the company. That is a good return. And there is also the matter of profits made by farmers and producers in the west as a result of the transportation facilities supplied by the railway company. This, too, would foot up to a vast total. One could multiply the instances in which the people of Canada have gained, but space does not permit further discussion in this article.

A consideration of these points should go far to reveal the weakness of the contention that the company is not the absolute owner of the land grant.

DEATH OF JAMES ELLIOT.

Seventy-three years of age, Mr. James Elliot, General Manager the Molsons Bank for the past thirteen years, died at Montreal last week. Mr. Elliot, who was a prominent banker, was born in Montreal in June, 1841. He was the eldest son of the late Andrew E. Elliot, contractor, of Montreal. After being educated at the



THE LATE JAMES ELLIOT.

Montreal High School, he entered as a lad the dry goods establishment of the late Mr. Alex. Molson, going from thence to The Molsons Bank in 1860. In 1870 he became accountant, and was appointed manager of the Montreal branch in 1879. In 1900 he became general manager, and this position he held until his death, but was contemplating retirement at an early date. He was for many years a councillor of the Canadian Bankers' Association.

NATIONAL BANK OF SCOTLAND.

The annual statement of the National Bank of Scotland, Limited, shows a net profit of \$1,160,250 and a balance brought forward of \$164,440, making a total of \$1,324,690 available for distribution. The dividend at the rate of 15 per cent. plus a 3 per cent. bonus took \$847,500, the reduction in the bonus being made in view of the continued depreciation of the bank's investments. There was transferred to heritable property account \$50,000, officers' pension fund \$50,000, investment account, \$200,000 and \$177,190 was carried forward. The reserve fund is given as \$4,500,000 and the bank's assets total \$107,543,280. The head office is at Edinburgh and subscribed capital amounts to \$25,000,000.

Medicine Hat's civic and industrial gas needs are being supplied from over twenty natural gas wells, the latest being for a further supply for the Canadian Pacific Railway.