

## FOREWORD

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When, in August last, the Canadian Pacific Railway Company made application to the Governor-in-Council for permission to increase its capital stock, the Free Press, for the information of the public, prepared a series of articles dealing with the Company and its capitalization, anticipating that the Company's application would be considered by the Dominion Government. Hitherto every increase of the common stock of the Company has been made with the permission of the Government, following an application for such authority from the Company. The Company, however, at its annual meeting in the beginning of October, decided to issue \$60,000,000 of new common stock without seeking, as it has hitherto done, the permission of the Dominion Government. It claims authority for following this procedure under an Act of 1892, which is interpreted by the Canadian Pacific counsel as authorizing the Company to substitute common for debenture stock. The Company is authorized by the Act of 1892 to issue debenture stock for specific purposes. If the Company's interpretation of this Act is correct then there is practically no public regulation of its capitalization. Debenture stock can be issued for a variety of purposes, and for which common stock can be substituted at any time. The question, therefore, arises, and it is a very important one, as to whether Parliament should not take action to restrain the Company from issuing any stock without its authority. Upon the capitalization of the Company and its regulation the question of fair and unburdensome transportation tolls hinges. If the public do not control the capitalization of the transportation system of the Company it cannot control rates.

The articles, which appeared in the Free Press respecting the Company's capitalization, are herewith reprinted, thus making them accessible for public information in a handier form.

Winnipeg, October. 1912.