

The Canadian Pacific and Its Capitalization

ARTICLE I.

The Company's Gigantic Earnings and Surpluses

(Winnipeg Free Press, Sept. 10, 1912.)

Application has been made to the Dominion Government for authorization to increase the common stock of the C.P.R. from \$200,000,000 to \$250,000,000. As the cost of the services to the public given by railroad corporations is based first, on cost of operation, and secondly, on dividends paid, it is of the first importance that the amount of capital created should be kept down to a minimum consistent with efficiency, and that the dividends should be reasonable. The Free Press purposes, in a series of articles, discussing the share of the profits of the company paid to shareholders, and other profits in the form of melons which have diverted money into their pockets, which might have been applied to the provision of much-needed railway facilities.

The company was entrusted in 1881 with an important public function. Whether it has been as faithful to the people in the execution of that trust as it has been to its shareholders is a question that needs full discussion before it is permitted to increase its capital. There are good grounds for the belief that the company has, from the beginning of its career to the present time, exploited its trust for the benefit of its shareholders. Facts will be presented showing that at no period of the company's existence have the shareholders received less than ten per cent. on the actual money paid in

as capital, and that the original promoters did not risk a cent in the undertaking.

Very naturally the people of the Dominion before giving their consent to any enlargement of the capitalization of the Canadian Pacific Railway company will want to know in detail, specifically, why such an increase should be made. The time has passed when a railroad corporation, whose interests and those of the country are inextricably linked together, can look upon its business as being purely private. It is of anything but a private character. The operation of a railroad is a state function. In only a very limited number of the countries of the world has this function been entrusted, subject to regulation, to private companies. Canada is one of them.

Railway Operation a State Function.

Even in Canada the private operation of railroads is being subjected annually to closer and more effective control. The institution of the railway commission is a step in that direction. So far the experience of the public with that body leaves a well defined impression that before it completely fulfils hopes with regard to its usefulness it will have to be clothed with further powers. Public opinion that led to its formation is gathering in strength. It will not rest until railways are required to give the services required of them at a fair cost, and with reasonable efficiency.

Capitalization and Freight Rates.

Before the Canadian Pacific can increase its capital it must get the consent to the government. At various times this company has had to go to