

CANADIAN PACIFIC RAILWAY

(Continued).

than 10 per cent. upon the actual capital spent in building it, which is not the case at present. In view of the wording of that prospectus, the press is already calling attention to the fact that the Boerse law makes an issuing bank responsible for statements of fact contained in a prospectus, and it is claimed that subscribers of the new stock would now be able to bring action, with probable success, against the banks that stood sponsor for Canada's latest stock issue."

It is generally stated that when the most recent Canadian Pacific Stock issues were made, a large number of holders sold their old stock and took up the new, and that at the time of the latest issue, an immense amount of the old stock went on to the market in this way. There is a story, too, of the formation of an influential Montreal syndicate which took up the greater part of the old stock that went on the market on that occasion. Selling by this syndicate may have accounted partly for the very heavy volume of sales recently.

Sir Thomas Shaughnessy, president of the Canadian Pacific Railway, is quoted, regarding the break in the stock, as follows:—

"So far as the shareholders of the Canadian Pacific Railway are concerned, they are in just as good a position as when the stock is selling at 195, as they were when the stock sold at 283. The prospects for the shareholders are just as promising now as then. There is no more prospect of a reduction of the dividend now than then. There is no more reason why the stock should sell at 195 than why it should sell at 283.

"Canadian Pacific Railway is a speculative international stock and the outbreak of hostilities in Mexico no doubt accounts to some extent for the break. The earnings of the company have been less, but there has been no decrease to warrant the present market situation.

"The only danger to which Canadian Pacific Railway is exposed is the general collapse in the trade and commerce of Canada. The success of the company is bound up with the success of the country and of the financial and commercial soundness of Canada there is no doubt in the minds of good judges."

In an interview at Calgary the other day when Sir Thomas was asked about the slump in Canadian Pacific Railway stock, he replied: "That is a thing I do not know any more about than you do. The upward and downward movements of stocks are controlled by influences and theories that I do not pretend to give any attention to at all. I only know that the Canadian Pacific Railway is as good a stock as ever it was, and that the slump will not affect the dividends of the company."

CANADIAN NORTHERN RAILWAY

(Continued).

Of this, Mackenzie and Mann will have 3/5 and the Dominion government 2/5. The shares held by the government may be disposed of under the authority of parliament upon such terms and conditions as they may determine. The proceeds of the sale of this government-owned stock must be paid into the consolidated revenue fund of Canada.

When one totals the capital stock of the Canadian Northern's numerous subsidiary companies and adds the sum to the present total capital stock of the Canadian Northern Railway, the amount is \$145,000,000. The government obtained \$7,000,000 of this last year in connection with the subsidy granted to the railroad. Of the remainder, \$70,000,000 is railroad stock and \$68,000,000 is the stock of subsidiary companies. According to the proposed agreement, the Canadian Northern Railway covenants with Mackenzie, Mann and Company, Limited, that in consideration of the transfer of the share of the capital stock of various constituent and subsidiary companies, to allot Mackenzie and Mann fully-paid and non-assessable shares of the capital stock of the Canadian Northern Railway for the sum of \$23,000,000. This \$23,000,000 added to the existing \$77,000,000 common stock makes \$100,000,000, at which sum the capital of the railway is now fixed. Its division between government and railway has been noted above.

These are the stocks and other securities which have been turned in in respect to the \$23,000,000 of common stock mentioned above:—

Stocks to be transferred free from prior charges.—Bay of Quinte Railway, \$1,305,000; Canadian Northern Pacific Railway, \$25,000,000; Canadian Northern Alberta Railway, \$3,000,000; Canadian Northern Western Railway, \$2,000,000; Canadian Northern Saskatchewan Railway, \$1,000,000; Canadian Northern Manitoba Railway, total issue; Canadian Northern Ontario Railway, \$10,000,000; Canadian Northern Quebec Railway, \$2,000,000; Canadian Northern System Terminal Company, \$2,000,000; Central Ontario Railway, \$3,320,000; Duluth, Winnipeg and Pacific Railway, \$3,060,000; Halifax and South Western Railway, \$1,000,000; Irondale, Bancroft and Ottawa Railway, \$53,000; Mount Royal Tunnel and Terminal Company, Limited, total issue; Marmora Railway and Mining Company, \$100,000; Northern Consolidated Holding Company, \$4,446,700; Quebec and Lake St. John Railway, \$4,002,800; Qu'Appelle, L.L. and Saskatchewan Railway, \$201,000.

The amount of capital stock of the Canadian Northern Railway has grown during recent years as follows:—1906, \$30,750,000; 1907, \$55,000,000; 1912, \$70,000,000; 1913, \$77,000,000.

GRAND TRUNK PACIFIC

(Continued).

Speaking at the Grand Trunk meeting in London last week, Mr. A. W. Smithers, the chairman of the road, referred to another cause for a change in the agreement. He spoke with concern with regard to the fact that almost the very day that the Grand Trunk Pacific line was linked up there came a decision from the Railway Commission upon freight rates, and he had not been surprised to receive indignant letters from important shareholders on the subject, and was of the opinion that traders before the Railway Commission must have had the Canadian Pacific more particularly in their minds, because the Canadian Pacific was defending itself against a reduction in that which it had enjoyed ever since its birth, while the other two companies were defending themselves from the prospects of having taken from them what they expected to enjoy when their lines were completed, and on the faith of which British investors had supplied large sums for building the line.

The Railway Commission, no doubt, thought the Canadian Pacific was well able to bear the reduction. "The effect," he said, "may be less than is now estimated, and there may be compensations in increased traffic, but if we can show that these reductions, although they can be borne by the neighboring rich company, have imperilled earnings on which we ourselves relied when we entered into the agreement with the government, I am sure the government will have the support of the Canadian parliament in either restoring the rates or compensating us in some way from the loss involved. I have no doubt the Canadian government will pursue the right course, and it will add to Borden's power to do so when it is realized that any other course would imperil Canada's credit which holds a high position in the London market." Several shareholders deprecated the issue of any new capital for some time.

Mr. Smithers, in replying, said that at the present moment the company had no intention of issuing further capital, but they had undertaken one of the biggest enterprises ever known, and were bound to complete it.

Grand Trunk shares were held by 62,740 persons in June, 1913, against 52,900 in 1910. This probably puts the Grand Trunk second to the Pennsylvania Railroad, which has approximately 65,000 shareholders.

The number of stockholders of the Grand Trunk naturally varies from day to day. In 1911, Grand Trunk shares were held by 54,200 persons, against 52,900 in 1910. The shares of this road are held almost exclusively in the British Isles. The late Mr. Charles M. Hays told the writer in 1911 that from 75 to 90 per cent. of Grand Trunk shareholders were resident in Great Britain.