

conclusion as to any lesser rate can possibly be arrived at. What were the actual profits of the early promoters beyond those referred to is shrouded in mystery. Inquiries in parliament at the time for information on that point were never answered satisfactorily.

Dividends Out of Capital.

In the period of construction, when it was not expected that a dividend would be paid out of capital, facts show that the shareholders of the Canadian Pacific who made the contract with the government in 1881 paid themselves a dividend somewhere between fifteen and twenty per cent. In the next period during which the company is commonly supposed to have been hard-up the shareholders received upon the actual money paid in as capital stock a dividend at the rate of 12.9 per cent. This was the average of the period 1885 to 1901 inclusive. From 1902 to 1912 the shareholders have received \$11.10 per cent

upon the cash paid on capital stock account.

But these extraordinary dividends do not by any means cover all the profits made by the original holders of the stock, or those men who are very commonly, but very erroneously, supposed to have assumed great risks in building the Canadian Pacific. There may be a disposition to regard this way of looking at the achievements of the builders of the Canadian Pacific, as "hind sight." At the time, however, that is when the contract with the government was under way, and constant applications were being made to parliament for aid, it was pointed out by many eminent Canadians that the shareholders of the company had a good thing—a sure thing—and something that has turned out to be just what they said it would be. But they objected strenuously to the liberality of the treatment accorded to shareholders who provided for themselves so liberally. Now they did so will furnish abundant material for another chapter.

ARTICLE IV.

Public Money Obtained to Build Canadian Pacific

(Winnipeg Free Press, Sept. 13, 1912.)

It is a common impression that the existence of the Canadian Pacific railway is due to "daring and adventurous financiers" who risked their money long before the road was believed to be a commercial possibility. Nothing is more erroneous. The Dominion was committed to the building of the road. It was one of the conditions agreed to by which British Columbia entered confederation. The first 713 miles of the road was built by the Government itself and the balance by the Canadian Pacific syndicate, financed by the Government. The syndicate's credit failed and frequent incursions were made by it on the cash and credit of the Government. Of the syndicate the most remarkable thing is that its first step, when its own credit failed, was to apply the money paid on stock

to securing a Government guarantee of dividends. After this was secured the Government was approached for a cash loan. They procured it, and other loans. How the syndicate was financed by the Government is dealt with in the following article, the fourth of a series dealing with the company and its request for permission to increase its capital:

From 1881 to 1884 the shareholders of the Canadian Pacific railway got in dividends alone over fifteen per cent. per annum on the money they invested; from 1885 to 1901 they got 12.9 per cent.; and from 1902 to 1912, 11.10 per cent. This record indicates extreme care and concern for the pockets of the shareholders. To properly appreciate this solicitude with respect to dividends it is necessary to review briefly the successful efforts made by