

000 of this amount was paid up in cash. From about 1883 to 1893, a period of ten years, a dividend of 3 per cent. per annum on \$65,000,000 was guaranteed to the shareholders by a deposit of a sum sufficient for that purpose with the Dominion government.

In addition to this dividend the director's added out of earnings 1 per cent. in 1885 and 2 per cent. in 1891 and 1892. Taking the whole period during which the capital remained at \$65,000,000, from 1885 to 1901, 17 years, the average rate of interest on the nominal capital was 4 per cent.

But it is important to remember that this does not represent the rate of interest upon the actual money that found its way into the treasury of the company. It is a simple matter to calculate just what that 4 per cent. per annum paid upon the \$65,000,000 as nominal capital represented upon the actual cash paid for it—\$29,493,000. Such a calculation will show the interest paid on the real money paid for the stock by the original shareholders to be 12.9 per cent.

#### Enormous Profits During Construction.

For the period ending 1884 inclusive to the beginning of the company's career in 1881 information respecting the dividends paid to the company is difficult to get. There are scraps, however, which indicate that the shareholders were by no means neglected during the infancy of their genuinely profitable enterprise. The contract of 1881 required that the company should have a paid-up capital of \$5,000,000. The amount originally authorized was \$25,000,000. No sooner, however, had the company got on its feet, or rather got its schemes under way, than an additional \$20,000,000 of stock was issued and for it only \$5,000,000 found its way into the company's treasury. Further stock was authorized and \$40,000,000 issued, netted the company \$19,493,000. The authentic information which is procurable as to the amount of dividends paid is in a statement made to the Dominion government in 1885 by the President of the Canadian Pacific at that time, Mr. Stephen, now Lord Mounr Stephen. He stated that up to the end of 1884 the amount paid to the shareholders by the company in dividends was \$5,378,000. This is 21.2 per cent upon the actual cash paid in as capital up to the end of 1884, which according to Sir Charles Tupper, was \$25,356,823.

#### Doubt as to Extent of Early Dividends.

On December 12, 1882, Mr. Stephen stated that the company paid 5 per cent. on the capital during construction. The law permitted 6 per cent. Accepting, however, the statement of Mr. Stephen to the effect that \$5,378,000 was paid in the form of dividends up to the end of 1884, the return to the shareholders was very handsome. It certainly netted considerably more than the 5 per cent. on the actual cash employed. In the absence, however, of full information on that point, the meager statement made by Mr. Stephen as to the rate paid on capital during construction, and on his statement as to the amount paid up to the end of 1884, will have to be accepted.

For the period, however, from 1885 to 1902, when the capital of the company remained stationary, and from 1903 to 1912, when it was increased from \$65,000,000 to \$198,000,000, the returns to the shareholders have been abnormal.

#### Promoters' Profits.

From 1881 to 1884, the first four years of the company's existence—during which it would have been reasonable on an undertaking involving any risk, to have expected no dividend—the shareholders were paid by themselves in the form of dividends, upon actual cash paid on stock the sum of \$5,378,000—or 21.2 per cent. In addition they were paid from the fund deposited with the government to guarantee 3 per cent. on the capital, \$65,000,000, the nominal amount covering water and cash—in 1884—a dividend of 3 per cent. for the year 1884. This amounts to \$659,564. Added to that paid direct by the company, a total is produced of \$6,037,564 in dividends for the period of 1881-1884—or 24.2 per cent. of the paid-up capital. During 1881 not more than \$5,000,000 was paid up. The company was incorporated in February of that year, and it is quite probable that the cash was not put up until some months later. In 1882 the second issue of stock was made at the rate of 25 cents on the dollar. The \$5,000,000 cash paid for the \$20,000,000 went into the treasury that year. During the first half of the period 1881-1884, not half the amount paid up at the end of 1884 was employed. It would, therefore, appear that even at this early date the shareholders of the company secured not less than 15 per cent. per annum on their money. No