

REPORT
OF THE PROCEEDINGS AT THE
SEVENTEENTH ANNUAL MEETING
OF THE SHAREHOLDERS OF THE
Canadian Pacific Railway Company

HELD ON
WEDNESDAY, APRIL 6th, 1898,
AT THE GENERAL OFFICES OF THE COMPANY,
AT MONTREAL.

Canadian Pacific Railway Company

REPORT

OF THE PROCEEDINGS AT THE SEVENTEENTH ANNUAL MEETING OF THE
SHAREHOLDERS, HELD ON WEDNESDAY, 6TH
APRIL, 1898.

The meeting assembled, in conformity with the notice convening the same, at noon, at the General Offices of the Company at Montreal.

The President, Sir Wm. C. Van Horne, took the chair, and the Secretary of the Company acted as secretary of the meeting.

The Secretary having read the notice calling the meeting, the President, in moving the adoption of the Report on the affairs of the Company for the year ended 31st December, 1897, which had been previously mailed to the shareholders, said :

In submitting the annual report of the Directors for your approval, a brief explanation of our difficulties with the American transcontinental lines may not be out of place.

For a number of years prior to 1894 the Canadian Pacific had, by agreement with the transcontinental lines, been allowed certain differential rates on passenger traffic between the Eastern States and Eastern Canada and the Pacific Coast. The principle of differential rates when applied to our case was not a new one. It was adopted a great many years ago as a means of adjusting the difference in conditions between competing lines, and differentials are in use to-day for this purpose in various parts of America, and even between the Atlantic seaboard and Chicago, where

they are accorded to certain of the trunk lines, including the Grand Trunk. In 1894 the situation of the Canadian Pacific as regards through passenger traffic had considerably improved, and a new agreement was made whereby the Canadian Pacific differentials on transcontinental passenger traffic were reduced and were confined in the east to a restricted territory. They applied to all points on the Pacific Coast. At that time there was not much travel to and from Alaska, but a few months back it became apparent that it would soon reach large proportions, and about the opening of the present year, and just as the new stream of travel was setting in, we discovered that the agreement of 1894 was being violated by our competitors. Our agents bought quantities of tickets at the agencies of the Great Northern and the Northern Pacific Companies, not only at our differential rates, but far below them. The evidence was unquestionable, and the facts as to the broken rates and as to who broke them are not now denied by anybody. We called the offending lines to account for their violation of the existing agreement, and they replied that they had decided to no longer consent to differential rates on Pacific Coast traffic, and they asked for a meeting concerning the question. We insisted on their restoration of the rates and terms of the existing agreement as a condition precedent to a meeting. They refused, and we then, after notice, published an open tariff making such rates as the provisions of the law and the interests of the Canadian Pacific seemed to require.

The question at issue at this time is not whether there shall or shall not be differential rates ; that question we are prepared to discuss on its merits when a meeting is held for the purpose of revising the agreement of 1894. The question now is whether, as a condition precedent to a meeting of the lines interested for the purpose of revising

this agreement, the rates and conditions *ante bellum* shall be restored. We have a right to insist on this, but in the interest of peace we have been willing to leave to disinterested arbitration the question as to whether the rates and conditions shall be restored in whole or in part or not at all, pending a meeting. A resolution providing for such arbitration was offered at the conference of the lines interested at New York three weeks ago. This resolution was supported by the Grand Trunk and all other parties interested, except the United States transcontinental lines, whose representatives asked for time, and subsequently recorded their votes against it. There can, therefore, be no question as to where the responsibility lies for the continuance of the disturbance.

The decision of the Interstate Commerce Commission at Washington, on suspending the "long and short haul" clause of the Interstate Commerce Act, has been pointed to as showing that we were in the wrong and our competitors in the right. It shows nothing of the kind. It was a decision on *ex parte* evidence, and clearly stated that the Commission was in possession of evidence of the cutting of rates before our tariff was published, and the decision contains the distinct statement that but for a technicality in connection with the issue of our tariff the action of the Commission on the application of our competitors would have been different. These are the words of the decision in that regard :

"If the Canadian Pacific made these rates with the concurrence of its American connections, observing, as it apparently now does, the rule of the fourth section, an entirely different question would be presented."

While we are earnestly desirous of peace, and are willing to go as far as we can towards securing it, the present and future interests of the Company must not be overlooked.

I am glad to be able to assure our shareholders that up to this time the Company's revenues have not suffered through the existing difficulties, and I may point to the fact that during the month of March, over the whole of which the disturbance extended, our increase in earnings was \$541,000.

I cannot dismiss this subject without referring to the action of the Grand Trunk Company, with whom we have so long been at peace, in aiding our American competitors to carry their reduced rates into our territory. We believe that the cancellation of the North Bay agreement by the Grand Trunk two months ago was the result of an understanding with the American lines, and was intended to place us at a disadvantage in the coming contest; and in view of our past relations, and the loss of revenue that must result to the Grand Trunk, their action is inexplicable.

But now let me turn to something more agreeable. We have had a fairly prosperous year and the financial results, after due provision for all expenses of working and ample maintenance, have enabled the Directors to make a distribution of dividends at the rate of four per cent for the past year, and to carry forward \$897,088 surplus to the reserve, and so far as we can see this prosperity will continue and increase. We have never entered upon a new year with so cheerful an outlook as at present. An analysis of the traffic of the various sections of the main line, the branch lines, and the auxiliary services on the sea, lakes and rivers, shows that practically no mistakes have been made in the development of the system so far as we have gone. Some things have had to be done ahead of time in order to protect our future, and we have had to wait for a good many vacant spaces on our lines to be-

come productive, but nearly all of these spaces are now yielding revenue and practically all of our branch lines are self-supporting. We have been forced to make lines which we did not, at the time, wish to make, but the results have shown that we have nothing now to regret in this regard. Our heavy movement of passengers westward is not all towards the Klondike by any means. A great many settlers are going to the prairies of the North-West, from the soil of which gold will the more surely come, and a great many more are going to take farms in British Columbia or to work the big mines of the Kootenay. Our reports tell us that the area of land prepared for seeding in the North-West is twenty per cent greater than ever before, and development and new industries seem to be the rule everywhere in the vicinity of your lines.

The Directors are asking your authority to expend a considerable amount of money for improvements of various kinds. These expenditures have in the past brought a very handsome return, as is evidenced in part by the reduction in our ratio of working expenses to gross receipts to fifty-seven per cent., and the expenditures now proposed will be equally profitable. The Directors are also asking your authority to provide adequate rolling stock for the further increase in traffic which they confidently expect, but the money will not be expended unless the need becomes a certainty. The use of extra heavy locomotives which has been made possible by the improvement in the permanent way has had a marked effect on the cost of transportation, and within a short time only the heavier type of locomotives will be used on your principal lines.

And the Report having been considered, it was moved by Sir Wm. C. Van Horne, President, seconded by Mr. Thomas C. Shaughnessy, Vice-President, and unanimously

Resolved,

That the Report on the affairs of the Company for the year ended 31st December, 1897, now submitted, be adopted.

The President explained, and laid on the table, an agreement dated 6th September, 1897, between the Company and the Dominion Government, entered into under the authority given by the Shareholders at the last Annual Meeting, and referred to in the Annual Report, providing for the construction of the Crow's Nest Pass Line.

Whereupon it was moved by Mr. L. J. Forget, seconded by Mr. George R. Harris, and unanimously

Resolved,

That the Shareholders do hereby ratify and confirm the agreement dated the 6th September, 1897, now submitted to this Meeting, and made between the Company and the Government of the Dominion of Canada, as required by the terms of the Act passed at the last session of Parliament entitled "An Act to authorize a subsidy for a Railway through the Crow's Nest Pass," and do authorize and approve the expenditure of the Capital required for the construction and equipment of the railway therein contracted for.

The President submitted for approval a lease in perpetuity, dated 1st January, 1898, from the British Columbia Southern Railway Company to this Company, of its railway between the western boundary of the Territory of Alberta and Nelson, in British Columbia, and the same having been explained and laid on the table, it was moved by Mr. Harry W. Birks, seconded by Mr. Wilmot D. Matthews, and unanimously

Resolved,

That the lease dated 1st January, 1898, and made by the British Columbia Southern Railway Company as lessor, to the Canadian Pacific Railway Company as lessee, of the railway between the western boundary of the Territory of Alberta and Nelson, in British Columbia, and its lands and appurtenances as therein described, now submitted to this meeting, be, and the same is hereby approved, ratified and confirmed; which lease, amongst other things, demises the said railway and lands and appurtenances to this Company, in perpetuity, at a rental equal to four per centum per annum on the amount of the actual cost to the lessor of the said properties so demised, this Company providing in the first instance all sums necessary to pay such cost, and the lessor having the right to repay the same on giving six months' notice, and that until the lessor so pays the said cost the rental shall be nominal, it being intended that in the meantime the use of the moneys so provided by the Canadian Pacific Railway Company to defray the said cost, shall be compensation for the use of the said demised properties; the said lease containing also a covenant that the Canadian Pacific Railway Company may, at any time before the lessor Company shall have reimbursed the cost as aforesaid, at its option purchase the said demised properties on giving to the lessor Company a valid acquittance in respect of all claims to moneys so advanced as aforesaid.

The desirability of the acquisition by the Company of the railway and properties of the Columbia & Western Railway Company, extending from Robson to Rossland, B. C., and of authorizing the construction of a line from a point at or near Robson to the Boundary Creek District, a distance of about 100 miles, during the present year, alluded to in the Annual Report, having been explained by the President, it was moved by Mr. Charles Meredith, seconded by the Hon. Donald MacInnes, and unanimously

Resolved,

That it is expedient for this Company to acquire the railway, and railway properties, of the Columbia & Western Railway Company from Rossland, via Trail, to Robson in British Columbia, about thirty-three miles in length, either by lease or purchase, or otherwise, as may be authorized by the Parliament of Canada, and to make improvements thereon ; and also to construct and equip a railway from a point at or near Robson to the Boundary Creek District, in the said Province, a distance of about 100 miles, by such route as may be found most feasible, using the franchises of the Columbia & Western Railway Company, or the British Columbia Southern Railway Company, or such other franchises as may be available to this Company for that purpose ; and for the said purposes or any of them the Directors are authorized to expend such Capital, or enter into such guarantees, as they may deem necessary.

The President referred to the construction, during the year, of the extension of the Columbia & Kootenay Railway from Slocan Junction to Slocan Lake, referred to in the Annual Report, and having explained the necessity therefor, it was moved by Mr. Richard B. Angus, seconded by Sir George A. Kirkpatrick, and unanimously

Resolved,

That the action of the Directors in having authorized and secured the construction of an extension of the Columbia & Kootenay Railway, leased in perpetuity by this Company, from Slocan Junction to Slocan Lake, a distance of about 32 miles, be and the same is hereby approved, ratified and adopted.

A lease, dated 21st April, 1897, from the St. Stephen and Milltown Railway Company, to this Company, of its

railway extending from St. Stephen to Milltown, in the Province of New Brunswick, alluded to in the Annual Report, was explained by the President and laid on the table.

Whereupon it was moved by Mr. Henry Beatty, seconded by Mr. John Morrison, and unanimously

Resolved,

That the lease, dated 21st April, 1897, from the St. Stephen and Milltown Railway Company to this Company, of its line of railway extending from St. Stephen to Milltown in the Province of New Brunswick, a distance of about 4.64 miles, at a rental of \$2,050 per annum, be approved, and that the execution of the said lease on behalf of the Company by the President and Secretary is hereby ratified and confirmed.

The President explained the necessity, as stated in the Annual Report, for commencing, at an early date, the double tracking of the line between Montreal and Toronto; and it was moved by Mr. James Williamson, seconded by Mr. Richard B. Angus, and unanimously

Resolved,

That in view of the opinion of the Directors that the increased traffic on the line between Montreal and Toronto renders it expedient to proceed, at an early date, with the double tracking of that portion of the Railway, the Directors be and they are hereby authorized to proceed with the work as and when they may deem advisable, and to expend such Capital as may be necessary for that purpose.

The President submitted for approval a statement of certain expenditures on Capital Account during 1897 in excess of the amount authorized by the Shareholders

at the last Annual Meeting, the necessity for which was created as explained in the Annual Report; also estimates, approved by the Directors, of proposed Capital expenditure to be incurred during the current year on Construction and Improvement account; and the same having been laid on the table and considered, it was moved by Mr. Harry W. Birks, seconded by Mr. Wilmot D. Matthews, and unanimously

Resolved,

That in accordance with the recommendation of the Directors, the Shareholders do hereby approve, ratify and confirm the expenditures on Capital Account during the year 1897 for additions and improvements, rolling stock, steamships and other equipment in addition to the amount authorized by the Shareholders at the last Annual Meeting and amounting to \$1,108,424.08; and

Resolved,

That the Shareholders do hereby authorize the further expenditures on Capital Account during the current year, as recommended by the Board of Directors, as follows:

For permanent bridges, ballasting and other improvements of permanent way.....	\$1,399,550 00
For terminal facilities, stations, wharves, grain elevators, additional sidings, and fences.....	748,104 00
For rolling stock and other equipment, and for automatic freight train brakes and couplers.....	1,919,875 00
For Steamships and Lake and River Steamers.....	375,000 00
For additional Telegraph Lines and Cables..	252,696 00
	\$4,695,225 00

The meeting then proceeded to the election of Directors for the ensuing year, and it was moved by Mr. J. Try-Davies, seconded by Mr. A. C. Clark, and unanimously

Resolved,

That a ballot be now taken for the election of Directors

for the ensuing year, and that Mr. Charles Meredith and Mr. William R. Miller be appointed scrutineers to take such ballot.

The ballot having been taken, the President read the report of the scrutineers which declared that the under-mentioned gentlemen had been elected by the unanimous vote of the meeting, viz.:

RT. HON. LORD STRATHCONA & MOUNT ROYAL	MONTREAL.
SIR WILLIAM C. VAN HORNE, K.C.M.G.	do
MR. THOMAS G. SHAUGHNESSY	do
MR. RICHARD B. ANGUS	do
MR. EDMUND B. OSLER, M.P.	TORONTO.
SIR SANDFORD FLEMING, K.C.M.G.	OTTAWA.
SIR GEORGE A. KIRKPATRICK, K.C.M.G.	TORONTO.
MR. GEORGE R. HARRIS.	BOSTON.
MR. WILMOT D. MATTHEWS	TORONTO.
HON. DONALD MACINNES, SENATOR.	HAMILTON.
MR. THOMAS SKINNER	LONDON.
MR. JOHN W. MACKAY	NEW YORK.
GEN. SAMUEL THOMAS	do

And the proceedings terminated.

WM. C. VAN HORNE, *President.*

C. DRINKWATER, *Secretary.*

NOTE:—At a meeting of the Board subsequently held, Sir Wm. C. Van Horne was re-elected President and Mr. Thomas G. Shaughnessy, Vice-President of the Company, and the following were appointed the

EXECUTIVE COMMITTEE :

Sir Wm. C. Van Horne, K.C.M.G., Mr. Thomas G. Shaughnessy,
 Rt. Hon. Lord Strathcona and Mount Royal.
 Mr. Richard B. Angus.