REPORT OF THE PROCEEDINGS

AT THE

FORTY-THIRD ANNUAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY CO.

HELD ON

WEDNESDAY, MAY 7TH, 1924

AT THE

GENERAL OFFICES OF THE COMPANY AT
MONTREAL

CANADIAN PACIFIC RAILWAY COMPANY

REPORT

OF THE PROCEEDINGS AT THE FORTY-THIRD ANNUAL MEETING OF THE SHAREHOLDERS HELD AT MONTREAL ON WEDNESDAY, MAY 7TH, 1924

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

The President of the Company, Mr. E. W. Beatty, presided, and the Secretary of the Company acted as Secretary of the meeting.

The notice calling the meeting having been read by the Secretary, the President, in moving the adoption of the report on the affairs of the Company for the year ended December 31st, 1923, which had been printed and distributed to the Shareholders, said:—

The Annual Report which has been in your possession for some weeks indicates very vividly the trend of transportation affairs in Canada during the past year, and in view of the detailed statement of the Company's operations which it contains, the results of them and the works contemplated for the present year for which your approval is asked, it will probably not be necessary for me to review the situation save in respect of the larger aspects of it. I would like, however, at the outset to reiterate the statement made in the Report as to the continuous necessity of rather extensive expenditures on capital account in view of the enormous size of your Company's undertaking and the desirability always of it being maintained in the highest condition of physical efficiency and capable of meeting the transportation needs of the country. The growth of your property in the last decade has been almost phenomenal, but the money has been wisely spent and spent at the right time, though it is true that during the period of extraordinary high costs the Company could not be said to have secured in every case value commensurate with the size of the expenditures, but this was a condition which could not be avoided and from which no enterprise escaped.

As intimated in the Annual Report the operations of the Company were conducted during the year in a satisfactory manner and with satisfactory results. A fairly substantial increase in gross earnings resulted in a moderate increase in net earnings, due to the fact that in view of the highly competitive conditions now existing in Canada your Directors did not consider it desirable that your property should be permitted to deteriorate physically in the slightest degree. The adoption of this policy, always wise where possible, was particularly so when the gross earnings were ample enough to permit of the requisite additions to operating expenses. In the result, therefore, your Directors are, as has been stated, in a position to assure you that the property has never been in so excellent a condition as it is now.

The tonnage moved during the past year amounted to 30,852,994, an increase over the previous year of 3,108,408 and over the year 1921 of 7,142,388. The increase was principally accounted for by a heavier movement of grain and lumber, manufactured articles and general merchandise, the largest individual item of increase being that of grain and grain products. Due to the great prosperity which existed during the year in the United States there was an increase in international tonnage, but this your Company did not participate in to the same extent as other companies by reason of its not enjoying the advantage of ownership of feeding lines in the Eastern and Central parts of that country.

For the first three months of the present year traffic has shown satisfactory increases, but some diminution has taken place during the month of April. Operating conditions during the winter months were less difficult than during the previous winter, and this, coupled with a heavier movement of traffic, has produced an increase in net earnings for the first quarter of 1924 of $1,253,814.

As pointed out in the Annual Report the balance sheet of the Company has undergone considerable change due to the retiring of $52,000,000 of Note Certificates in July of last year which would have matured on March 2nd of the present year and the utilization of cash and the sale of securities accumulated for that purpose. The discharge of this substantial obligation was effected without difficulty and without the necessity of refunding or other financial operations to accomplish it. As you will recall, the issue was made ten years ago in order to provide the Company with funds for improvements and betterments and also to enable the shareholders to participate in the Company's financing on terms which were very advantageous to them. The issue price and rate of return represented a very substantial contribution to the shareholders during the past ten years in addition to the receipt of the usual dividends on the Company's Common Stock.

In view of the necessity for obtaining funds for the prosecution of the branch line construction programme and the provision of additional locomotives and rolling stock and other essential betterments, your Directors decided to make an issue of $12,000,000 Ten Year Five Per Cent. Collateral Trust Bonds, secured by $15,000,000 of the Company's Four Per Cent. Consolidated Debenture Stock, the issuance of both of which securities you had previously authorized. Your Directors also determined that the issue should be made in Canada, and in addition to enabling the moneys desired to be readily secured, the method of issue had the advantage of extending throughout Canada interest in your Company's securities and also gave an opportunity to Canadian investors to show their confidence in the Company's financial standing, which they did in a very complete and gratifying manner.

The general railway situation has not materially changed since I last had the honour of addressing the shareholders of the Company. It is, however, satisfactory to know that your Company's position has been well maintained notwithstanding the rather anomalous situation in which it finds itself as being the principal transportation competitor of the Government of the country, to a contract with which it owes its own existence. There were many who, of necessity, being unaccustomed to such a situation, viewed with some apprehension the effect of such competition upon your Company's revenues and financial strength. They felt that even though your Company might succeed in retaining the goodwill of the people of Canada there would be those among the business communities who, feeling the pressure of heavy taxation, might give heed to the allurements of a public slogan in the hope that by patronage of the National System their burdens might be lessened. That extreme publicity and pressure based upon these sentimental appeals were inevitable and were prosecuted vigorously and continuously there can, of course, be no doubt, but the business communities are not, I think, disposed to minimize the value of your undertaking to the country or its ability to contribute directly and indirectly to its progress and particularly to its industrial credit. It should be borne in mind, and I doubt whether it will be forgotten, that this Company's undertaking was a national enterprise in conception, execution and operation, and that the direct and indirect contribution which it has made and is making to the country's prosperity is substantial. The two Systems differ in name only, and in the accident of the personnel of their shareholders. So far as their security-holders are concerned the positions are identical in that hundreds of millions of the securities of both Systems are owned by private investors throughout the world. There is a steady increase in the extent of both Canadian and British holdings of the Company's Common Stock, which is not without significance.

There are two phases of the general railway situation which involve objectionable and discriminatory features not in the interests of the transportation Companies themselves or, in my opinion, in the interests of the people of Canada. One is the special powers vested in the National System by virtue of the Statute passed in 1919 under which that Company may construct branch lines without approval as to location and other details by the Railway Commission. When the Statute was passed your Company strongly urged upon the Government the unfairness of such provisions and asked that all companies should be put in the same position. Under the present law the Canadian National Company may parallel or duplicate existing lines of any other company once the Minister approves and Parliament authorizes the necessary expenditure. It is my opinion that that Company should be brought entirely within the provisions of the Railway Act. The other feature of our present legislation which involves discrimination is due to the Crow's Nest Pass Agreement of 1897 and the re-establishment in part of the rates there provided, and the possibility of the remaining commodity rates being put in effect in July of this year. The existence of special statutory rates made under conditions which do not now obtain and which have no relation to present day costs and operating conditions and involving, too, disparities in rates which under the general Railway Act would not be permitted because of their unfairness in relation to commodity rates on other articles and to the rates effective in other parts of Canada, should obviously not be permitted. I have always strongly felt that the greatest advantage to shippers as a whole, and also to the transportation companies, would be secured if the purpose of the general Railway Act were given effect to and all rates made subject to review and change, as conditions warrant, by the tribunal constituted for that purpose.

The operations of your Steamship lines were on the whole satisfactory, though steamship business throughout the world still suffers from an excess of vessel tonnage and an instability in the rate situation which is gradually being corrected. Your Company has been in the Atlantic steamship service since the acquisition of the Elder Dempster fleet in 1903, and it has constituted a rather singular development that the acquisition of these boats was planned almost entirely in connection with freight traffic, while, during the year just closed, the revenues of both fleets from passenger business were almost double the revenues secured from freight. The Atlantic service was somewhat affected by accidents, which fortunately resulted in no loss of life, but one vessel, the "Marvale," stranded and became a total loss.

The Court appointed to investigate the circumstances surrounding the loss of the "Marvale" found that the Master was guilty of an error in judgment, though they declined to censure him. It is satisfactory to the Directors, as I am sure it will be to the shareholders, to know that in this case the Court expressed itself as follows:—

> "The Court further desires to express its appreciation of the extremely efficient way in which the passengers and crew were taken from the wreck. Within 25 minutes, 437 souls were taken off in 16 boats without loss or injury. The Court takes the view that this is one expression of the general efficiency with which the vessel was commanded and it would appear to confirm the view that the Court has taken of the casualty."

The Company cannot be considered immune from accidents so long as the personal element enters so largely into its operations, but it is satisfactory to know that, considering the extent of the latter, few companies have a record for the safe carriage of passengers and goods as that which your Company has enjoyed.

Your business on the North Atlantic route was naturally affected by the immigration restrictions of the United States, and that on the Pacific by the resultant dislocation due to the disastrous earthquake in Japan. The prospects for considerable business on both oceans during the coming year are, on the whole, good. It is anticipated that the immigrant travel to this country will greatly exceed that of 1923, and that the general passenger travel to and from Great Britain will be exceptionally heavy. The Pacific traffic is gradually recovering, due to the somewhat more settled conditions in China and the rehabilitation work being effected in Japan.

So far as the prospects for rail traffic are concerned, it is difficult to hazard any estimate which would be of value. The first three months' business was on the whole satisfactory, but at the present time there seems to be a distinct lull in both export and domestic shipments, due in part to some unsettlement in industrial districts and to the fact that caution in purchasing is being generally practised and short term requirements filled rather than wholesale stocking in many lines of trade. It is too early to anticipate the results of this year's crop, though the acreage under crop will probably be approximately the same as last year and, generally speaking, soil conditions are reported to be excellent. If the yield approaches the crop of 1923 there will undoubtedly be a very extensive Autumn business and a vastly improved psychological and financial situation throughout the whole country.

The Annual Report contains a reference to the Directors' appreciation of the services of the officers and men of the Company during the fiscal year just ended. I desire to repeat this appreciation and to explain to the shareholders that it does not represent a mere formal expression of the Board's recognition of these services, but is one which is genuinely meant and thoroughly deserved. One of the factors which has contributed most largely to the Company's prestige as an efficient transportation unit has been the extremely high morale among its officers and men. This has not been permitted to deteriorate, and so long as it continues both the shareholders and the public are assured of the high quality of service which the Company has been able to render.

The past year's operations were conducted, as I have intimated in a former part of this address, under somewhat abnormal and exceptional conditions. They were successful from the point of view of this Company, and I think I have good grounds for the conviction which I entertain and which is shared by the members of the Board that your Company will continue to contribute to and share in the development of this country, and that there is no real ground for pessimism in respect of the future of either, though an extraordinary and too rapid advance is neither to be expected nor desired.

The report having been considered, it was moved by Mr. E. W. Beatty, seconded by Mr. Charles R. Hosmer, and unanimously

Resolved—That the report on the affairs of the Company for the year ended 31st December, 1923, now submitted, be and the same is hereby adopted and that the expenditures on capital account reported and recommended therein be and the same are hereby approved and authorized.

The following resolution authorizing the construction of Branch Lines and the issue of Four Per Cent. Consolidated Debenture Stock in respect thereof, referred to in the Annual Report, was submitted, and on motion of Mr. William McMaster, seconded by Mr. William C. Finley, was unanimously adopted, viz:—

Whereas it is in the view of the Directors expedient that portions of the undermentioned Branch Lines be constructed in the near future, as follows:—

1. Leader Southerly Branch, Mileage 50 to 75.
2. Lomond Northwesterly extension of the Suffield Southwesterly Branch, Mileage 30 to 40.
3. An extension of the Archive-Wymark Branch to Coderre, 12 miles.
4. An extension of the Moose Jaw Southwesterly Branch from Consul Easterly, Mileage 60 to Mileage 97.
5. Amulet-Dunkirk Branch, 25 miles.

It is therefore resolved—That the Directors be and they are hereby authorized to proceed with the construction of the said portions of the said Branch Lines when in their opinion conditions warrant, and that to aid in the construction and equipment of the said portions of the said Branch Lines the Directors be and they are hereby authorized to issue and dispose of Consolidated Debenture Stock to such an amount as they may deem expedient, but not exceeding in respect of any of the said lines the amount which the Company is or may be empowered by Statute to issue.

The meeting then proceeded to the election of Directors to replace the four retiring Directors, and on motion of Mr. E. W. Beatty, seconded by Sir Herbert S. Holt, the following resolution was unanimously adopted, viz:—

Whereas in pursuance of By-law No. 6, Sir Vincent Meredith, Bart., Sir Augustus M. Nanton, Mr. Grant Hall, and Mr. W. N. Tilley, K.C., Directors of the Company, retire from office at this meeting;

And whereas four Directors to replace the said retiring Directors, who are, however, eligible for re-election, must be elected at this Meeting for the term of four years as provided for in the said By-law.

It is resolved—That a ballot be now taken for the election of four Directors for the term of four years to fill the vacancies created as above stated: that Mr. William R. Miller and Lt.-Col. George R. Hooper be appointed scrutineers to take such ballot, and that the poll be closed when five minutes shall have elapsed without a vote being cast at such election.

The ballot having been taken and no further votes having been cast within the specified time, the Secretary read the report of the scrutineers, which declared that Sir Vincent Meredith, Bart., Sir Augustus M. Nanton, Mr. Grant Hall and Mr. W. N. Tilley, K.C., had been unanimously elected Directors of the Company for the term of four years from the date of this meeting.

The following resolution relating to the passing of the late Chairman of the Company, the Rt. Hon. Lord Shaughnessy, K.C.V.O., moved by Mr. H. H. Williams and seconded by Mr. Huntly R. Drummond, was unanimously adopted by a standing vote of the shareholders present, viz:—

Resolved—That there be inscribed in the record of this meeting an expression of the deep regret of the shareholders at the death of the late Chairman of the Company, the Rt. Hon. Lord Shaughnessy, K.C.V.O., and of their condolence with the family in its great bereavement.

Upon the occasion of his Lordship's retirement from the Presidency of the Company, the shareholders in a resolution which is embodied in the report of the proceedings of the Annual Meeting held on 7th May, 1919, gave expression to their appreciation of his services during the many years in which he had so ably fulfilled the duties of that office. In the period following that event during which he occupied continuously to the day of his death the position of Chairman of the Company their estimation of those services suffered no diminution, and the shareholders are confident that as time goes on the wisdom of the policies inaugurated and pursued by him will be more and more fully confirmed and that the influence of his efficient administration will be felt far on in the Company's future.

The shareholders feel with the Directors that in the passing of Lord Shaughnessy the Company and the country have indeed lost a wise counsellor and a brilliant leader whose place in the world will not readily be filled.

It is further resolved—That a copy of this resolution signed by the Secretary under the Company's corporate seal be forwarded to Lady Shaughnessy.

In seconding this resolution Mr. Huntly R. Drummond spoke as follows:—

"I regard this resolution, Mr. Chairman and gentlemen, not as the fulfilment of a formal duty, but as an opportunity you and I may share in, to express in some measure our personal sense of loss in the taking away of the great man to whom this enterprise and we ourselves owe so much.

"In St. Paul's Cathedral in London is the epitaph of its builder, 'Si quaeris monumentum circumspice.' 'If you seek my monument look around you,' or 'My works speak for me.'

"That might very well be written of Lord Shaughnessy, and he would have liked, I think, such a challenge to posterity, but what a task it would have placed upon us: to look over a continent and over two oceans would be beyond our powers, but no lesser feat would enable us to gauge the far-reaching extent of this man's work.

"But if his work in its physical aspect can only be apprehended through the imagination, far more difficult it is to even estimate, what I venture to think is of greater significance, the extent of his influence on the lives and aspirations of men all over the Empire, some of whom perhaps never even saw him, and of whom we know nothing.

"So that our feelings to-day are shared outside the confines of this room by many more people than we perhaps imagine.

"Nor was the work he did of the ephemeral type. It was enduring, and to-day, through his wise foresight in choosing and training his successors, we see the great enterprise he was so largely instrumental in building up, continuing on its orderly progress as steadily as when his own hand held the helm.

"Nor do I think the memory of the man himself will ever fade from the minds of those who are here to-day: his daring in conception, his ruthless energy in execution, his sagacity and balance, and above all, his human qualities, his warm heart, his Celtic wit, his just appreciation of the relative value of things material merely; these formed a fascinating whole that charmed our imagination and endeared him to our hearts.

"Gentlemen, I ask you to pass this resolution standing, not only as a tribute to the great dead, but as a token of respect to the beloved partner of his life and work and their family."

Lord Shaughnessy, on behalf of his mother and the other members of the family, as well as on his own behalf, feelingly expressed appreciation of the sympathy of the shareholders and of the tribute to his father's service as voiced in the resolution and in the remarks of Mr. Drummond.

The proceedings then terminated.

President.

E. Alexander

Secretary.

At a meeting of the Board held immediately after the Shareholders' meeting Mr. E. W. Beatty was elected Chairman and President of the Company, and Mr. Grant Hall, Vice-President, and the following were appointed the Executive Committee:—

MR. E. W. BEATTY,
SIR HERBERT S. HOLT,
SIR AUGUSTUS M. NANTON,
MR. GRANT HALL,
SIR VINCENT MEREDITH, BART.,
SIR EDMUND B. OSLER.