

# PRESIDENT BEATTY TALKS ON AFFAIRS OF THE C.P.R.

**Annual Meeting of Big Corporation Held at Montreal—Operating Expenses During the Past Year More Than Kept Pace With Increased Earnings—C. P. R. Should Not be Taxed to Help Make Up Deficit on Competing Roads.**

Montreal, May 5.—At the annual meeting of shareholders of the C. P. R. Co., held at Montreal today Mr. E. W. Beatty President gave the following address:

The annual report of the company and statements attached which have been in your possession for some time, reflect very vividly the situation prevailing generally in respect of increased costs of operations. Notwithstanding that the gross earnings of the Company were the largest in the history and exceeded the gross earnings of 1918 by \$19,391,362 the net earnings were less by \$1,560,451. The large increase in working expenses of \$20,960,713, following as it does an increase of \$17,191,993 in the working expenses during the year 1918, or a total increase in 1919 over 1917 of \$38,152,706 is a striking example of the effect of the increased cost of wages and material in the operations of a company, even one conservatively and economically administered as are the affairs of your company.

## Paid Fixed Charges.

While it is a matter of great gratification that, even, with those exceptional costs, your company has been able, during the past two years to earn its fixed charges and usual dividends and very moderate surplus, it is nevertheless important that the relation between earnings and expenses should now receive the most careful consideration. The results of the

operations during the past two years show an upward trend in costs which even extensive increase in gross earnings and effective operating economies due to heavier loading, larger power and consequent reduced train mileage, have not equalized.

For the past sixteen years the freight and passenger rates of all Canadian Railways have been subject to review or have been fixed by the Dominion Railway Commission. The rates have been readjusted from time to time, first being lowered and then increased but the extent of the increase has not equalled the increased costs which have recently been forced upon all Companies and reduction in which cannot with any confidence be predicted at this time. During the fiscal year ended June 1914 the working expenses of your Company with mileage somewhat less than the operated mileage of last year, were \$87,388,000 while for the year 1919, they had climbed to practically \$144,000,000 an increase of 64 per cent. Within that period increases of nominally 40 per cent in freight rates and 15 per cent in passenger rates have been authorized by the railway commission. The actual increases owing to the adjustment of rates made by direction of the Board were in fact 30 per cent in freight rates and 10 per cent in passenger rates. The result therefore has been that during the past five years the percentage increase in

operating expenses was double the percentage increase in total recorded to the company.

## High Wage Scale.

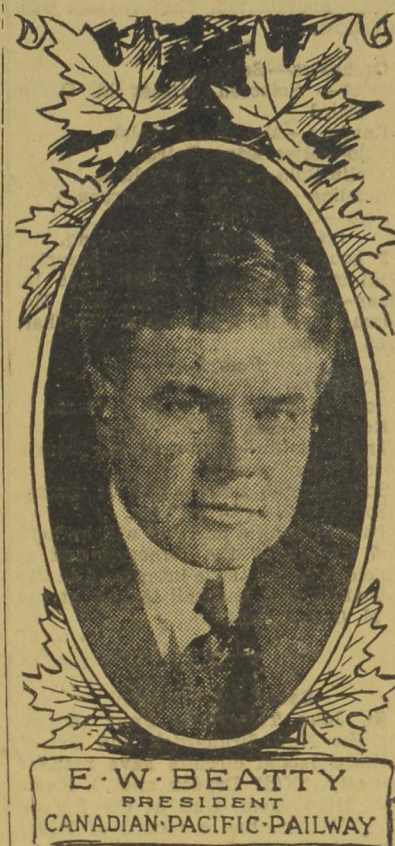
Owing to the parity of conditions existing between the United States and Canada the Canadian roads were forced, during the war, to put into effect the high wage scale made effective under government control of the American Roads and they were also compelled to continue operating under tariffs of tolls substantially same as to those in force in the United States. These tariffs were inadequate as results in the United States clearly demonstrated. By legislation recently enacted the American carriers are assured of rates which will return a fixed percentage on the value of the undertakings used in the public service which will mean a reconsideration of, and increase in, the rates now current in that country. No doubt the necessary rate adjustments in Canada will be given earnest consideration by the government and the Dominion Railway Board While it is not my desire to anticipate any action which may be taken, it is only proper I think, to say that a readjustment is amply warranted, both on the ground of the value of the service rendered by the carriers, and the cost to them of performing such service.

It is further to be remembered, and I do not anticipate that it will be forgotten, that the value of any enterprise to the people it serves depends greatly upon its ability to progress and develop and on the maintenance of a high credit without which such development cannot take place. Waste extravagance and improvidence must be discouraged but I can imagine nothing more detrimental to Canada than that its railway systems should be unable to keep pace in their own development with the progress of the country and that they should be unable to aid that progress by the expansion of facilities the construction of necessary new lines and by meeting the increasing demands of the public in the way of efficiency

and comfort in service.

## A Small Surplus.

Based upon accepted principles in other countries governing compensation due to transportation and other public service corporations the net earnings of your company have always yielded a moderate return upon the capital actually invested in the enterprise. The railway net earnings of the Company for 1919 represent only a return of four per cent on the actual cash invested in the railway itself. The operations for the year 1919, after the payment of fixed charges and the usual preference and common stock dividends showed a nominal value of \$844,249, which has been placed in reserve to meet the special taxation imposed by the Dominion Government which special tax-



E. W. BEATTY  
PRESIDENT  
CANADIAN PACIFIC RAILWAY

tion ended in 1919. The fixed charges of the company are low the interest in the preference stock is equally low and the dividends on 7 per cent payable common stock, from railway earnings is moderate. A factor which seems to lost sight of in these discussions of the relations between expenses and revenues, is the absolute necessity of reasonable surpluses in the cases of any corporation conducting an enterprise as extensive as that of your company. The gross earnings of the company for the year exceeded \$176,000,000, and the surplus after deduction of the moderate fixed charges and dividends, only amounted to less than half of one per cent of these earnings.

Considering the importance of reasonable provision for working capital annually from the operation of the company, if its high credit and ability to progress is to be maintained, it will readily be appreciated that the revenues during the past two years have been, to say the least inadequate.

## A Slap at C. N. R.

In the discussion which has taken place as to the desirability of otherwise, of increased rates, and therefore increased revenues to the Canadian Railways two theories are publicly mentioned—The first, that rates should be increased, but that any surplus earnings thereby accruing to your company should be taken back through the medium special taxes and the second—that rates should not be increased, but that the government railways deficits if such occur should be met out of the general revenues of the country Both theories are in my opinion unsound. Rates should be established which represent a fair return for the service rendered and by efficiency and economy and the character and extent of its equipment and facilities. If a company can render its operations under such rates profitable there is no warrant for the confiscation of those profits nor can there be anything but doubtful honesty in the proposition and that one company's revenues accruing to it from service actually rendered by it and well performed, should be taken from it to supplement the revenues of a competitor whose operations do not show favorable results. It is scarcely necessary for me to say that the fairness, or otherwise, of any rate basis is not necessarily measured by the strength or resources of a company, or by the lack of them.

## An Unfair System.

The second theory that rates should not be increased, but that any deficits should be met from the general revenues of the country is unsound economically and unfair alike to the government owned, and other railway. It is obvious that any system which permits services to shippers and others to be performed at unreasonable

Continued on Page Seven

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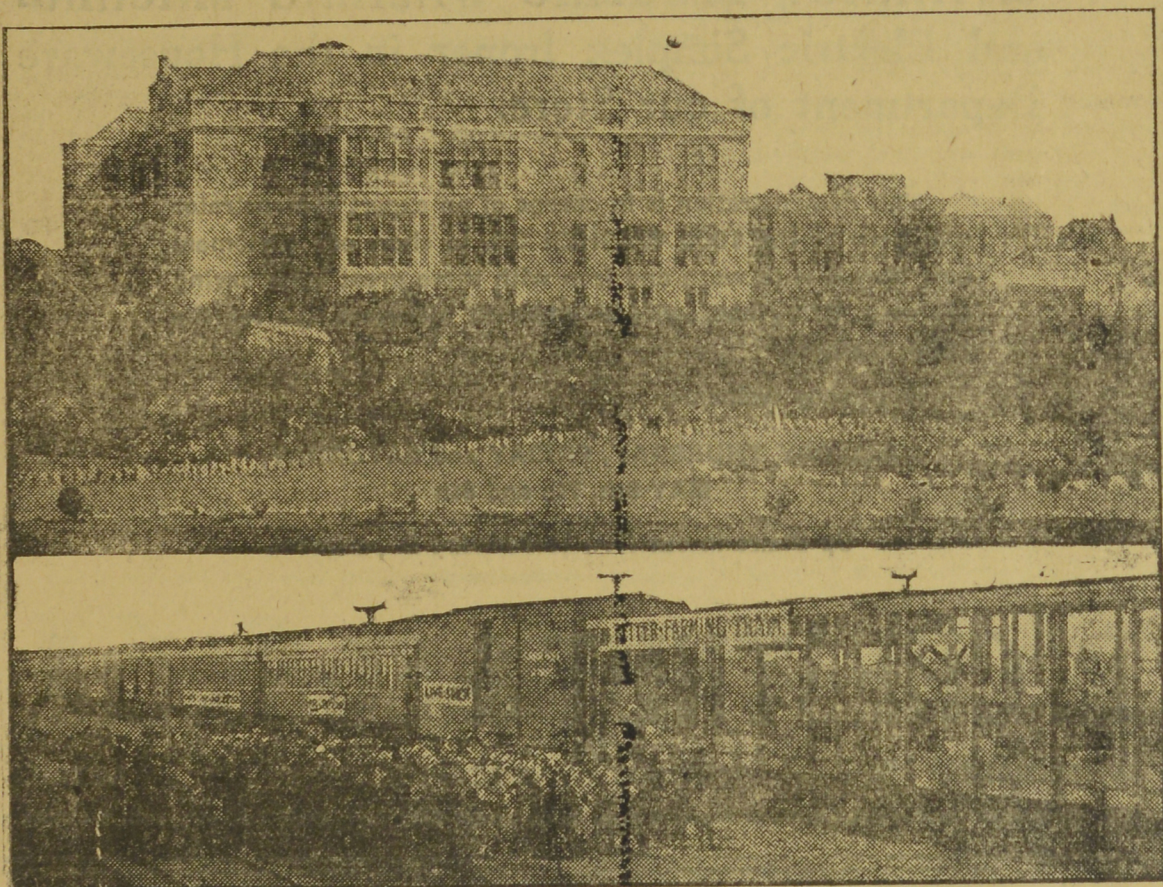
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# SASKATOON'S UNIVERSITY FOR THE PRAIRIES



Upper Picture.—One end of the Administration Building, University of Saskatchewan, with the Engineering Building in the background.  
Lower Picture.—A Travelling University, showing how instruction is carried to the farmers of Saskatchewan.

Long after the ivy peered in at the upper windows of such splendid universities as Oxford, Cambridge or Harvard, such an institution as the University of Saskatchewan had not even been imagined. When Sir Wilfrid Laurier, who laid the corner stone of this new university July 29th, 1910, was a student poring over his books few but Indians had stood on the height of land which is the site of the buildings shown in the accompanying photographs, and watched the waters of the South Saskatchewan River gliding swiftly and silently northward.

Although the prairie soil was as rich and the river as broad and full when as now, the City of Saskatoon was unconceived. Even as late as twenty years ago, where now stands a city of 30,000 people on three lines of railway, there were not one hundred men, women and children and these were housed in a few tents and shacks. The wildest enthusiast would hardly have dared to prophesy that one day a university would grow there—yet there it stands!

The buildings of the University of Saskatchewan crown the height of land north east of Saskatoon and the site could hardly have been more fortunately chosen. It includes half a mile of well-wooded river front and altogether embraces 1,333 acres of rich land, 293 acres of which are set aside for a campus, 160 acres for purposes of agricultural experimentation and \$80 for the Agricultural College farm. The plan provides for the eventual accommodation of 5,000 students.

The present buildings consist of an administration building, containing a hall and offices for the different departments as well as class

rooms, two students' residences, one containing a spacious dining hall and the other a gymnasium and swimming pool; an engineering building; livestock pavilion and up-to-date model farm buildings. All the buildings conform to the preconceived plan and will, like those already erected, be of stone in the Gothic style. Work has just recently begun on a new science building. There are also several private residences on the campus, the two principal stone ones provided for in the architect's plan being those of the President of the University and the Dean of Agriculture.

The buildings of Emmanuel College, a church of England Divinity School, the first of its kind in Saskatchewan also occupy a part of the campus. The University grants sites of from three to five acres to such affiliated colleges at a nominal rental. Eight thousand dollars has already been subscribed towards a beautiful structure which will be the home of the Presbyterian College.

The university provides degrees in Arts, Science, Law, Agriculture, Civil Engineering and a Diploma in Pharmacy. The present enrolment is between 1,400 and 1,500, including returned soldiers who are retraining in various branches of skilled work, particularly engineering. Scores of promising returned soldiers have been turned out as capable motor mechanics. Steam engineering and the handling and repairing of farm tractors are also taught. Agricultural students, principally the sons of farmers, are training in livestock handling and judging, and even in the care and management of poultry.

An important feature of the work of the University of Saskatchewan

has been its Extension Department consisting of short instructional courses at seasonable times for farmers and farmers' wives. Each year a special train is fitted out and a regular course of instruction mapped out including lectures to farmers. This train is widely advertised as the "Better Farming Train." It makes a tour of the Province, stopping at all important points and the farmers drive in for miles to examine the exhibits, talk over their problems with experts and hear the lectures. Realizing that the average busy farmer cannot go to the University, an effort is made to take the University to him and to let him know at first hand the results of experiments with special varieties of grain, the latest information about methods of soil tillage, and the like.

During the recent winter evening lecture courses have been given at a nominal fee for the benefit of city residents. Some of the best educated people in the community have attended these classes.

From an educational standpoint Saskatoon offers as great opportunities as any city in Canada. Complete training from Kindergarten to University is provided through a fine set of public schools, thirteen large public schools, which ranged in cost from \$118,000.00 to \$156,000.00 at pre-war building prices. An accompanying photograph shows two of them in one block in the working class section of the city. The enrolment of pupils in the public schools is now well over 4,000.

The Collegiate Institute, which provides the intermediate stage between the Public Schools and the University, has an enrolment of about 2,000.

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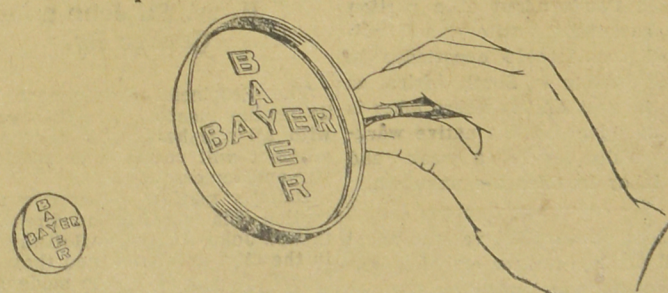
# G. W. HODGE

The Year Book credits 35,065 trotters with records of 2:30 or better and 26,670 pacers in the 2:25 list.

William E. Keenan of Akron, O., has bought of A. H. Merrill, Danvers, the trotting mare Harvester Breeze, 2:15.

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