

Subsection 4.—The Canadian National Railway System*

In view of the interest in Canada's publicly owned railway, the Canadian National Railway System is given separate treatment in this Subsection. Its history is presented in a special article published in the 1955 Year Book at pp. 840-847. More detailed information than can be given here is obtainable from DBS annual report, *Canadian National Railways*.

Financial Statistics.—The original financial structure of the CNR and the steps taken through the Capital Revision Acts of 1937 and 1952 to alleviate the burden of interest debt undertaken by the company on its formation in 1923 are described in the special article mentioned above. Briefly, the Capital Revision Act of 1937 wrote off all loans that had been made to cover deficits and also unpaid interest on loans, and certain loans made for the purpose of additions and betterments were converted to equity capital, relieving the CNR from paying fixed charges on this amount. Under the 1952 Capital Revision Act, 50 p.c. of the company's interest-bearing debt was changed to preferred stock on which, after settling income taxes, a dividend of 4 p.c. is paid on earnings. Also for a term of ten years ending Dec. 31, 1961, the Railway is not obliged to pay interest on \$100,000,000 of its long-term debt. The Government is authorized to buy additional preferred stock annually in amounts related to the company's gross revenues. As a consequence, the proportion of total capitalization represented by equity capital in shareholders' account was raised from 34.5 p.c. at Dec. 31, 1951, to 67.2 p.c. at Jan. 1, 1952, and the proportion of borrowed capital was correspondingly reduced.

12.—Capital Structure of the Canadian National Railway System as at Dec. 31, 1948-57

NOTE.—Information is given in greater detail in DBS report, *Canadian National Railways*.

At Dec. 31—	Shareholders' Capital		Funded Debt Held by Public		Government Loans and Appropriations—Active Assets in Public Accounts	Totals
	Government of Canada Shareholders' Account	Capital Stock Held by Public	Guaranteed by Federal and Provincial Governments	Other		
	\$	\$	\$	\$	\$	\$
1948	774,242,649	4,567,540	492,437,507	91,795,151	760,494,825	2,123,537,672
1949	774,448,716	4,560,290	539,706,744	85,159,176	743,661,162	2,147,536,088
1950	776,395,649	4,520,890	566,418,607	92,611,634	739,847,514	2,179,794,294
1951	776,395,649	4,518,890	518,396,607	96,800,428	857,573,774	2,253,685,348
1952	1,531,072,324	4,516,490	518,396,607	87,098,222	228,055,165	2,369,188,808
1953	1,552,050,067	4,514,490	513,977,391	75,834,299	342,140,048	2,488,516,295
1954	1,571,393,181	4,514,490	910,422,885	62,546,711	126,771,981	2,675,649,248
1955	1,591,902,624	4,511,150	861,870,899	34,493,192	199,444,622	2,692,222,487
1956	1,616,270,966	4,508,670	794,482,906	25,086,606	353,664,828	2,794,013,976
1957	1,639,451,306	4,505,870	730,346,711	17,978,788	623,967,851	3,016,250,526

In Table 13, the assets of the Canadian National Railway System as at Dec. 31, 1957, are compared with those at the time of consolidation of the System.

* The Hudson Bay Railway is a direct responsibility of the Federal Government and has been operated by the CNR for the Government since Apr. 1, 1935; statistics relating to the operation of this line are not included in the data for the CNR.