

Subsection 2.—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. More detailed information than can be given here is obtainable from DBS annual report *Canadian National Railways* (Catalogue No. 52-201).

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 1955 Year Book, pp. 840-847. 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 ended Jan. 1, 1962, the Railway was 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. By the end of 1965, the proportion represented by equity capital in shareholders' account was 51.0 p.c.

* The Hudson Bay Railway, formerly managed and operated for the Federal Government by the CNR, was absorbed into the Canadian National Railway System on Jan. 1, 1958, to be operated in the same manner as other Canadian Government railway lines. Statistics of the Hudson Bay Railway are therefore included with CNR data for 1958 and subsequent years.

10.—Capital Structure of the Canadian National Railway System as at Dec. 31, 1956-65

At Dec. 31--	Shareholders' Capital		Funded Debt Held by Public		Government Loans and Appropriations—Active Assets in Public Accounts	Total
	Government of Canada Shareholders' Account	Capital Stock Held by Public	Guaranteed by Federal and Provincial Governments	Other		
	\$	\$	\$	\$	\$	\$
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
1958.....	1,704,387,945	4,504,203	1,024,710,205	9,098,765	484,791,699	3,227,492,717
1959.....	1,723,909,722	4,503,549	1,335,510,205	5,548,765	345,684,052	3,415,156,293
1960.....	1,721,143,162	4,499,284	1,677,209,478	3,098,765	148,021,700	3,553,972,399
1961.....	1,744,673,266	4,499,273	1,670,653,176	2,423,765	184,593,150	3,586,842,630
1962.....	1,767,976,925	4,499,261	1,630,895,308	2,423,765	209,026,793	3,614,822,052
1963.....	1,792,380,188	4,485,785	1,378,875,000	2,023,764	410,354,762	3,588,113,499
1964.....	1,817,243,906	4,345,185	1,367,811,500	2,023,764	410,354,762	3,601,779,117
1965.....	1,843,209,298	4,345,185	1,366,061,600	2,023,764	410,354,762	3,625,994,509