

193 and 194 of that Act do not apply to this at all.

Mr. GALLIHER. In the Railway Committee I took occasion to object to this clause being allowed not only in this Bill, but in any Bill of this nature. While it was suggested there that the lenders of money would no doubt look after themselves with regard to the security—and I am perfectly satisfied to leave that matter to them—what I am concerned for, and what I think we ought all to be concerned for, is the interests of the minority shareholders. The unlimited borrowing powers given to companies often leave them free to borrow more than they require to carry on business on a sound commercial basis, and that has been the rock on which many companies have gone to pieces. I think the borrowing powers of companies of this kind should be limited. For instance, it is provided here that two-thirds in value of the subscribed stock, which may be held by one or two men, may pass a by-law enabling the company to borrow to any amount it sees fit. The holders of the other one-third of the subscribed stock may object, but they are powerless.

Mr. BELCOURT. This section, I understand, is in the exact words of the section in the General Companies' Act, of 1902. It may be desirable to limit the borrowing powers of a company of this kind, but I cannot see how it can be done.

Mr. R. L. BORDEN. In some of the English statutes the borrowing powers of the company are limited by the amount of the paid up capital. The difference between this company and the companies incorporated under the General Companies' Act is that this company is for the purpose of carrying on a public work, while the other companies are not invested with the same privileges, but are formed for ordinary commercial purposes, and parliament may not be specially concerned in regard to their borrowing powers. This company is in the same category as a railway company, and every argument which goes to restrict the borrowing powers of a railway company applies with equal force to this company. I think these borrowing powers should be limited, otherwise, you may have an enormous capitalization by means of bonds, and that may be given as a reason why the rates to be paid by the public should be kept up to an undue figure.

Mr. STOCKTON. Under the Joint Stock Companies' Act of the province of New Brunswick the power of borrowing is limited to 75 per cent of the stock actually paid up. That is the rule generally applied to incorporated companies, and there is no difficulty there. It does seem to me that an unlimited power to borrow is not a

desirable power to give to a company of this class.

Mr. BELCOURT. Possibly we might limit the borrowing power to two-thirds of the assets of the company; but it is difficult to determine what are the assets of a company. I agree with the hon. leader of the opposition that in a case of this kind there ought to be a limit to the borrowing power, but I cannot think of any way in which it could be fixed. The suggestion of the hon. member for St. John (Mr. Stockton) would hardly do in this instance, because the company might have, say \$100,000 paid up capital and yet have assets of many millions. It might have very large assets outside of its paid up capital, and it would be an injustice to the company to limit it to only 75 per cent of its paid up capital. If you made it say two thirds of its assets, then it would be probably within the mark.

Mr. STOCKTON. How would you determine the assets?

Mr. BELCOURT. There is the difficulty, I quite agree.

Mr. R. L. BORDEN. I think this should stand so that we may consider it a little.

Section 18 allowed to stand.

On section 19,—approval by municipality before exercise of right; exclusive long distance line; interpretation of long distance line and arbitration of disputes.

Mr. R. L. BORDEN. Is it intended by the second section that the location of the line shall be subject to the approval of the municipal council or such officers as it may appoint? If so, this is pretty awkwardly expressed.

Mr. HYMAN. This whole section is one which appeared in several Bills last session and the session before. It was drawn up after consultation with the municipal bodies and they all agreed to it as it was worded. We have put it in exactly as it is worded in these other Bills.

Mr. HAGGART. Why not put it in as it was worded in the Railway Act? You have eliminated from your Bill clauses 192 and 193 of the Railway Act, thinking that they applied only to railway companies, but you have included clauses 194 and 195 of the same Act.

Mr. HYMAN. I did not look into this matter carefully but was satisfied that this would meet the views of the municipalities, as it was drafted after consultation with them and was approved by them. And as it is entirely in their protection and they were satisfied, I saw no objection to it.

Mr. BELCOURT. I wish to call attention to the words 'general by-laws and