

versed by this railway, and that has been cut down to \$30,000 a mile, which means a very great difference. In my opinion the estimates given as to roads first built is very low, and I think that any person who has studied this question will find that the figures mentioned in this Bill are also very low. We know from the experience of the Canadian Pacific Railway and other roads, that, through these different sections this road cannot be built for the amount of the bonding privileges. Considering the matter apart from anything that might happen in the future with regard to aid, and considering the scheme on its merits, in my opinion the bonding privilege, reduced as it has been below what is usually granted, is an exceedingly low bonding power if this is a bona fide company and is going to carry on the work. They cannot put it in the same position as the Canadian Pacific Railway or the Intercolonial Railway or any other railway in Canada for the amount we are granting here as a bonding privilege. The only other means they have for raising money under this charter is by the issue of capital stock, and even that amount has been reduced below what has been previously allowed in such charters. I am sure that no person who has had experience in railway matters will consider that there is a greater privilege granted for raising money under this charter than is sufficient to put the road in reasonable and proper shape. This very matter has been very carefully considered by the Railway Committee, and for my part, I am prepared to support the clause as is now before the House. Our action should not be based upon any prejudice or upon any rumour, but upon the actual experience of railway corporations in the past, and upon the actual knowledge we have as to the cost of railways through the different sections of the country.

Mr. DAVIS. If the principle were adopted, as laid down by the leader of the opposition, that the railway commission in arranging rates, should take into consideration the capital stock of a company so as to enable it to pay a dividend on its shares, then the shares of every railway in the country would be worth 100 cents on the dollar. If the principle is adopted that the company has to pay a dividend on every share, the shares would be worth 100 cents on the dollar. There is railroad stock in the United States, as I suppose there is also in this country, that is not worth 10 cents on the dollar. Therefore, in arranging the rates, the amount of stock issued by the company is never taken into consideration. If the hon. gentleman refers to the report of the Interstate Commerce Commission, he will find that half the railroad stock in the United States last year, and close on half this year, paid no dividend at all. The railroads in the United States are controlled not only by the Interstate Commission, but

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by commission in every state. In fixing the rates, they have never taken into account the amount of capitalization; and in discussing the question here, I do not think we should approve of any principle of that kind.

Mr. BARKER. When one listens to some hon. gentlemen who speak in this House, one would fancy that it made not the slightest difference what the amount of capital allowed to a company of this kind should be—whether it should be \$50,000,000, \$75,000,000 or \$100,000,000. These same gentlemen when they appear before the public, after a company has been created, will talk very glibly about the iniquity and mischief of over-capitalization and watered stock, which ultimately wrings so much more money out of the pockets of the public; because it goes without saying that the larger the capital, the more will be required for dividends. It is all very well to take up a Bill such as the one we have before us, and say there is nothing mischievous in it. But I desire to point out one clause in the present Railway Act, which the hon. Minister of Railways and Canals proposes to re-enact in the Bill which he has before the House, and which to my mind has a very strong bearing on such questions as the one we are now discussing, that is, whether the amount of stock allowed to any company should be reasonable, having regard to the work to be accomplished. I refer to the following clause, which is taken from the Railway Act of 1888, which is now in force:

The directors of the company elected by the shareholders may make and issue, as paid up stock, shares in the company, whether subscribed for or not, and may allot and hand over such stock in payment for right of way, plant, rolling stock or materials of any kind, and also for the services of contractors and engineers; and such issue and allotment of stock shall be binding on the company, and such stock shall not be assessable for calls.

There is not an hon. gentleman in this House who does not know exactly what this is intended to accomplish. A company such as is proposed to be created here will have at its back certain gentlemen ordinarily called promoters, and it is not an uncommon thing for such companies to have connected with them, not only promoters, but a construction company, who will be the contractors; and you may find, when you authorize a company of this kind to issue \$75,000,000 of stock, that \$10,000,000 or \$15,000,000 of that may be given as a present to half-a-dozen gentlemen who may appear as a separate corporation for the purpose of constructing one or more sections of the railway. It is all very well to say that it matters very little what the amount of this stock may be. I think it matters a great deal, especially in the light of the section which I have read, that stock may be issued without a dollar being paid on it—practically as a present to those who