

sideration for which it was issued and which made it fully paid:

9. The Canadian Northern Railway Company is hereby authorized and empowered to issue and transfer to the Minister of Finance and Receiver General of Canada, in trust as aforesaid, from and out of the authorized capital shares of its common stock of the par value of seven million dollars fully paid up and non-assessable and not subject to calls as aforesaid, upon the consideration of the Governor in Council undertaking to grant to the Canadian Northern Ontario Railway Company and the Canadian Northern Alberta Railway Company the subsidies referred to in section 2 of this Act upon the terms aforesaid, and such stock when so issued and transferred shall be deemed fully paid without further or other consideration.

We must be fair in this matter, even to railway companies. It is stated, in the face of this statute, which was before the House and the sections of which have been under consideration of every member of the House, including the hon. member for St. John and the hon. member for Pictou, that the railway company has created illusory stock and issued false certificates in respect of that stock, and handed them over to the Government. I ask the hon. member for Saint John as a lawyer, and as a good corporation lawyer, and I ask any man in this House who knows anything about law, to tell me what section 9 means, and particularly the concluding part, if it does not mean that the Parliament of Canada affirmed that this stock should be fully paid up, non-assessable, not subject to call and issued in part consideration of subsidies of \$15,000,000 granted to the Canadian Northern Railway system. It is absolutely unquestionable, there is no getting away from it. I have pointed out the very language in section 9. It is charged that the Canadian Northern railway issued illusory stock, and yet the legislation of this Parliament is in these express terms:

The Canadian Northern Railway Company is hereby authorized and empowered to—

You cannot get stronger words than these.

—issue and transfer to the Minister of Finance and Receiver General of Canada, from and out of its authorized capital.

Not out of its issued capital, or paid-up capital, but out of its authorized capital—

—shares of its common stock of the par value of \$7,000,000 fully paid up, non assessable and not subject to call.

I am sorry I was out of the House when the hon. member for Pictou was speaking. That was not his fault nor was it mine. Last year when I was dealing with this

matter in this House I stated that the authorized capital of the Canadian Northern railway was \$70,000,000. As a matter of fact the authorized capital of the Canadian Northern railway at the time was in excess of \$70,000,000. I was asked a question by Mr. German, and I was not aware that the authorized stock of the company was in excess of that amount. I stated in the most explicit terms that I was unable to say how much of that stock had been issued as fully paid-up. I had not made any inquiry about it. I said that current report was to the effect that it had been issued and that Messrs. Mackenzie and Mann, as contractors, had received either the whole or the greater part of it. I say further that the Canadian Northern Railway Company issued that stock certificate to the Minister of Finance and the Receiver General of Canada in accordance with the explicit and express terms of the statute in two sections of which I have read to this House. They issued it in pursuance of the power which was given them by Parliament of which both the gentlemen to whom I am particularly addressing my remarks were members. They issued it, as I say, under the express authority conferred upon them by this Parliament to issue it; and they issued it as fully paid under authority of this Parliament, as part consideration for the subsidy which the Government of Canada was then voting to the Canadian Northern Railway system. Let us see whether there was anything to make that stock fully paid-up. We granted to the Canadian Northern Railway system \$15,000,000 in subsidy. The Canadian Northern railway is the parent company of the system. It issued 70,000 shares, of a par value of \$7,000,000 of authorized capital, in pursuance of the statute, as part consideration for the \$15,000,000, the balance being subsidy. I ask my hon. friend from St. John if those 70,000 shares had been paid for in cash by the subscribers he mentioned in speaking of the paying out of the capital of a joint-stock company or railway company, by \$7,000,000 in cash, whether any question would have arisen as to it having been paid up. And yet the Government of Canada gave \$15,000,000, more than double the amount of the \$7,000,000 of stock which the Canadian Northern railway was authorized and empowered to issue to the Government of Canada, representing part of the value received from the subsidy.