

find themselves involved in litigation in the United States in order to get their money. This litigation, I am told, is absorbing a large amount of money in costs and other ways, and the result will be that the Canadian policy holders will get nothing. I think that some restrictions should be placed on these companies, so that when money is deposited with the Government it may be available for those for whom it is intended.

Mr. ROSS (Middlesex.) I may add to the instances already given of grievances in connection with American insurance companies, one relating, I think, to the Atlantic Mutual, which took a number of risks in Canada, which is now insolvent, its affairs being in litigation, and whose policy holders are receiving nothing. Its affairs have been in a mixed state for almost two years, and I think, the Minister of Justice would confer a great boon upon Canadian policy holders in such companies, if he devised some short process of winding up such companies, and protecting the policy holders forthwith.

Sir LEONARD TILLEY. In answer to a question put to me about a fortnight since, I stated that the Government were giving this matter consideration. I may say that a draft Bill was prepared, but I fear that at this period of the Session, it will not be possible to have it passed. At any rate, any Bill we might pass would not affect the cases referred to; it could not be retroactive, but affect only cases which might arise in the future. If my memory serves me, the parties in the litigation referred to claim that as the companies are conducted on the mutual principal, parties insuring in Canada can only participate in the distribution of assets, in the same manner and to the same extent as those insuring in the United States or elsewhere.

Mr. OUMET. The object of this Bill is to force companies to appoint attorneys or agents here, so as to allow the service of legal proceedings or those companies in a certain way. To day we have no recourse at all against these companies in Lower Canada except by calling them by advertisements in the papers—we cannot have them served in the United States. The object of this Bill is to force them, if they receive premiums, to name an agent in Lower Canada.

Mr. DOMVILLE. The Act need not be made retroactive, but if it explains that the intention of exempting mutual companies referred only to those that are purely mutual, it would meet the case.

Bill read the first time.

CONSOLIDATED RAILWAY ACT.

Mr. McDONALD (Pictou) moved the second reading of Bill (No. 84) to amend the Consolidated Railway Act (from the Senate). He said: The principal feature of the Bill is the definition of the word "capital." In the debates on the Canadian Pacific Railway contract, there was some difference of opinion on the part of hon. gentlemen opposite as to the meaning of the word and the extent it would cover. This Bill defined the meaning in the sense understood by hon. gentlemen on this side. It is defined as follows:—

"1. The said word 'capital' as used in the said sub-section meant and means the paid up stock and share capital of the Company with interest added for periods during which no dividend is paid, to the exclusion of all subsidies and bonuses and of the debt of the Company: And this interpretation of the said word shall apply to all railway companies affected by the said sub-section or by any amendment of the said sub-section in which the said word is used, which is or shall be incorporated with the special act or charter of any railway company."

Mr. COLBY. Very recently a considerable number of charters have been granted in which "running powers" have been granted in favor of one or several corporations over the lines of other railway corporations. In no instance is the meaning of the word defined. This would be the proper place in which to give the term its precise meaning.

Mr. BLAKE. I do not think it would be prudent to do so now. It would be better to wait until the Government has leisure to make a proper definition, in which "running powers" may vary a good deal according to circumstances. When given over a long stretch of railway, certain additional privileges such as means of obtaining supply of fuel and water should be allowed that would not be required when given over a small stretch. I believe there has been no definition of running powers in any English Act as yet. The subject is very important, and one which will have to be considered in another aspect to which my hon. friend has alluded. But it has been supposed that because we have been giving running powers in particular cases, of railways desirous of using every eligible strip of territory important as links of communication, east and west—it must not be supposed it would be a necessary and prudent thing to apply compulsory running powers to all railway charters to be granted. I am in favor of applying compulsory running powers, provisionally, to all cases in which it is reasonable they should be applied. But I do not believe it can be affirmed that, as a general rule, it is reasonable.

Mr. COLBY. That is not my statement.

Mr. BLAKE. My hon. friend rather implied that, because he said we have been inserting that lately in general Bills. However, I think it would be unfortunate to attempt to legislate on the subject. The hon. gentleman whom I asked to explain the clause dealing with this subject contented himself with simply reading it again. I could have read it for myself, and did so. I think the hon. gentleman might have pointed out what the operation of the clause would be with regard to the Canadian Pacific Railway. According to my own understanding of the powers given to the Canadian Pacific Railway, it seems to me this clause would not operate satisfactorily, or accomplish what was suggested during the debate on this subject, about really to be accomplished. It will be remembered it was generally avowed that the resources which the Company was about to obtain from the public, including its borrowing powers upon the lands, would be adequate—its borrowing powers and cash subsidies which, by a slight actual payment on the capital stock and work, were estimated at a certain value. It will be remembered that calculations were gone into, indeed not disputed by the other side, seriously, which indicated that somewhere about \$5,000,000 was, perhaps, the outside of the actual cash in the way of share capital which would be acquired by this railway company. The statement made from the Ministerial benches was that this power to levy tolls or rates, or rather the limitation of this power of the Governor in Council and Parliament to reduce the tolls, in the case in which those tolls should be exceeding ten per cent. of the capital, was to apply to the actual paid up capital of the Company. Nothing was said at that time of the interest for the period during which dividends should not be paid. Not a word was said to Parliament of that important addition to the mass on which interest profits are to be paid at the rate of ten per cent. It is a new introduction altogether. But more than that, the discussion being based upon the view that but a small amount of share capital would be really required, we are now face to face with a plain scheme which makes it the direct interest of the Canadian Pacific Railway to adopt those modes of action which it was suggested during the course of the debate might be adopted in order to render nugatory any restrictions as to its profits based upon the amount of its capital account. We all know that the greater part of the interest rate of railways in the United States, of the capital account, is very much larger than the real, genuine expenditure upon those railways represents, that the capital account has been swollen by stocks issued, not at par, but by bonds sold at great discounts in many instances, by watered stocks and fraudulent