

for the incorporators, both of them relating to the new corporation of this Session. In the first of these documents the hon. member for Dundas (Mr. Hickey) invites the attention of the Minister to the fact of the subsidy having lapsed, having been incurred by the existing company, which, he says, is now defunct, and he asks that the subsidy should be revived in favor of the new corporation of which, I understand, he is a promoter, as he has been for some time a promoter of Bills to achieve the object which is now embodied in the Act. I gave notice to the hon. gentleman to-day that on the occasion of this vote I should call the attention of the House to the circumstances connected with the vote of which this is a revival, and to his connection with it. Inasmuch as this formed one of those cases to which I thought the attention of Parliament and of the country ought to be directed, with reference to the connection of members with subsidised railway corporations, I had occasion, as in the case of the hon. member for Gloucester (Mr. Burns), before the last general election, to bring under the notice of the Canadian public the relations of the hon. member for Dundas to the former corporation, and I then used these words:

"The charter for the Ottawa, Waddington and New York Railway Company was obtained by a gentleman (not in Parliament) named Keeler, who was the chief promoter and misapplying of the enterprise. It is the fashion to give value to these charters by securing public subsidies. In order to give value to this charter a public subsidy was felt to be necessary. Dr. Hickey, the member for Dundas, was approached. He was given some stock; he was given a seat at the board; he was made the president of the company, so that they might obtain the proper power to work the governmental machine, so as to produce a subsidy. Dr. Hickey, M.P., presenting the merits of an enterprise which boasted of his presidency, a bonus was easily obtained from the Government, and voted by Parliament. By that means value was given to the charter; for the charter by itself simply gave authority to build and work the road, and if it had remained without a bonus, those who promoted it would have had to find persons who had confidence enough in the scheme to give money or backing enough to build it. But when \$3,200 a mile was given as a free grant, of course that at once gave value to the enterprise, and was a great additional inducement to capitalists to enter upon the scheme. They got the Village of Morrisburg to take \$10,000 of stock of which \$1,000 was paid up. The company did hardly nothing at all; the \$1,000 given in cash by Morrisburg would pay for all they did. But they did not expect to do any work themselves, or to build the road themselves. They simply expected to sell out the charter and the bonus at a great profit to those who would build the road. How do I show that? By stating that the president, Dr. Hickey, the member for Dundas, prepared a proposal for some New York capitalists to sell the charter in the form of contracting for the construction. The very first provision of this proposal was that the company must have \$15,000 paid to the order of the president, Dr. Hickey, to pay for bonds and other honorable engagements. Generaly that is not the way in which contracts are made. If you were letting a contract to build a barn, or a house, you would expect to pay the contractors something for the work you bound him to do, but these bonus-linters and charter-sellers demand that the men who are to do the work shall pay them something, and so the very first provision is that the contractors shall pay them \$15,000. It would be rather interesting to know what the 'honorable engagements' were. Perhaps at a later day I may communicate to you what they were, but at present I say nothing. The fourth provision is that the existing incorporators must retain a majority of the board (which consists of seven), to protect their interests, they binding themselves not to interfere with financial arrangements; or, they will bind themselves to give the contractors a majority on all money outlays, respecting the construction of the road and bridges. When the road is built this may lapse, if desired. Then they demand that \$50,000 shall be deposited in the banks as a guarantee of good faith, which will be forfeited to the president and board of

directors in the name of the president, C. E. Hickey, if the conditions of the agreement are forfeited. In the seventh clause, they agree to give the contractors two-thirds of the entire stock of \$1,500,000, so they will still retain \$500,000 of stock, the contractors getting \$1,000,000. Then they agree to give all the bonds and bonuses, together with any bonuses they may get hereafter, and the balance due on the Morrisburg stock, \$9,000. Then comes the tenth, the last provision, which is like unto the first. They want a liberal bonus in bonds of the first issue, or cash, for the seven promoters of the road, for labor expended and good-will."

Mr. HICKEY. May I ask the hon. gentleman from what he is reading?

Mr. BLAKE. I am reading from a report of my speech delivered at Kendal.

"The labor expenditure was mainly in getting a subsidy to be paid out of your taxes, and the good-will is in their willingness to get more. So they want \$15,000 in cash, \$500,000 in stock, and a liberal bonus in first mortgage bonds or cash, as the price of their position. I am not discussing the propriety of promoters of railway charters—though I confess I have not much confidence in the breed—trying to make the best bargain they can. What I do object to is members of Parliament, who are called upon to say whether it is in the public interest that public money should be voted to certain railway companies, who are called on to decide on the general legislation of the country, having private interest in those companies and personal relations with the Government, which must conflict with their public duty. This system is altogether a grand scheme for animating with additional fervor, large numbers of Government supporters by the consideration that they are to make profit by that support through the establishment of improper relations with the treasury."

"And as a matter of fact the result is, that what we give out of your taxes to build a road is very largely diverted to line the pockets of members who become promoters of the work and who build the road or sell out the charters to others. I call to you to judge whether this sort of transaction should be allowed."

Shortly after I made that speech, and it had been reported, the hon. member for Dundas (Mr. Hickey) addressed to me a letter in rather angry terms. You can judge the kind of letter by the style of speech delivered by the hon. gentleman the other evening.

Mr. HICKEY. I will read the letter presently.

Mr. BLAKE. I am very glad. I am sorry to say I have not a copy, because I would have enlightened the Committee by reading a copy of it. I am not able to do so, but I am glad the letter is to be read. I answered that letter, and of the answer I kept a copy.

Mr. HICKEY. I have that also.

Mr. BLAKE. It is as follows:—

"POINTE AU PIC, P.Q.,
"August 11th, 1886.

"Sir,—On my return to Canada after an absence of several weeks, I have to acknowledge the receipt of your letter of 22nd ultimo, in which you use several strong expressions in reference to certain statements made by me as to your connection with a railway enterprise which, as I conceived, affected your independence as a member of Parliament."

"Did your letter admit the substantial accuracy of my statements, I would be very ready to discuss with you anywhere their bearing and effect on your position as a representative of the people."

"But you deny their accuracy. It must, on reflection, be obvious to you that a public meeting at which we cannot compel the attendance and answer of witnesses, or the production of documents, or carry on an examination, affords perhaps the least satisfactory conceivable opportunity to get at the truth of disputed facts."

"There is another method, which, though not satisfactory, is at any rate better; and should you challenge me to enquiry there, I shall be ready to make a statement in the House of Commons, and to support it by evidence before a Committee."