

In this connection, Mr. Provand quoted a speech by Sir Richard Cartwright in the Commons in which it was asserted that the Government's action in voting a subsidy implied to the English investors an endorsement of the project.

HIT BY CANADIAN LEGISLATION.

Continuing, Mr. Provand said:

In March 1889 the prospectus of the company was prepared to issue to the public asking subscriptions for the Capital—namely £700,000 5 per cent. bonds and £300,000 preference shares, when the investors, whom I represent, were brought into existence. But it was then found that in the previous year your Parliament had passed an amended General Railway Act which required 20 per cent. of the total cost to be expended on the Railway before we could issue our bonds. The preferred shares amounting to £300,000 were therefore only offered to the public at that time and they were immediately subscribed for at par. Of this more than \$1,000,000 was spent on the work during 1889 and by November we became legally entitled to issue the bonds, but meantime the terrible and unparalleled financial crisis which affected all the world from 1890 to 1894 was threatening, and we could only obtain subscriptions for £250,000. This unfortunate change in the law made by your Parliament regarding issuing bonds was the cause of all our difficulties, but for it they would have been subscribed for early in 1889 the entire capital secured and default in completing the railway made impossible.

PROGRESS OF THE WORK.

We let the contract to a leading firm of contractors, but they exhausted their means and in 1891 were compelled to suspend construction on the Railway after about two-thirds were done and it has since then remained unfinished, about \$4,000,000 having been expended on it.

In June 1894 we were ready with our capital to recommence construction and finish the Railway, but the Government would not reinstate us, and excepting in 1897 when your Prime Minister went to London, I have been here every year since 1894, seeking the renewal of our subsidy and charter, but have been compelled to submit to constant postponements for which there have been no sufficient reasons given.

Mr. Provand produced copies of the prospectus on which the capital for the Railway was subscribed, showing that the Subsidy Act of the Dominion was reprinted in it as one of its chief features. The money, he said, was therefore subscribed by the investors in good faith on the premises made in that Act and their confidence was proved by the fact that the bonds were issued at £108½ per £100 bond and the preference shares at par. Every investor paid these prices in cash to the Company's bankers. Very few of them have changed hands since then. There have been almost no transfers except in cases of death