

Canada to ascertain the position of the companies' affairs. When he returns to England a meeting of the bondholders will be called. Thirty days is the shortest notice of a meeting, but as the bondholders are scattered there is sometimes a delay of six weeks or two months before a meeting can be held, and all this time the position of the railway is getting worse and worse. After the bondholders get together and are made acquainted with the state of the railway, the company generally has some excuse or other to give why it has not been able to pay the coupons—some accident on the road, stagnation of business, and declare that everything will be all right if the company is allowed to go on. As the law stands, the directors may go on borrowing. Remember, bondholders are not anxious to take over railways, because they are generally investors and place their money in these bonds thinking they are a first charge on the property, and whether their coupons are paid in the year or not they are cumulative and they believe that they will be paid some time or other and the property will always be responsible for the payment; but after this has gone on for some years and a huge debt has been created, when the bondholders wish to take possession of the road they find the large indebtedness has accumulated ahead of the bonds. The bondholders who thought they had the first lien, find they have only a second lien on the road. Under this system, the bonds should not be called bonds. A note of the company might be just as good if the bonds are to have no priority except after the working expenses. I think the people who sell to the railway company are well enough protected when every dollar of the receipts of the road goes to pay them. They have a lien on all receipts and rental, but the property itself, which is vested in the bondholders, should remain with the bondholders and nothing should be allowed to go ahead of the bonds.

Hon. Mr. LOUGHEED—Does my hon. friend know of any company that has been subject to the imaginary abuses which he has so eloquently pointed out? What conditions have arisen to justify this legislation? It seems to me that the bondholders

Hon. Mr. CASGRAIN.

of any road, immediately they found the running expenditure was invading the property and assets of the company, would proceed on their bonds. The law as it is at the present time is almost a sufficient protection for all the purposes in view. As I said on the introduction of the Bill, the public are entitled to have their roads operated no matter at whose expense. The government of the country has acted it in most instances very generously by bonusing nearly every mile of railway that has been constructed in Canada. If the general revenue of the road is insufficient to warrant the operation of the line, then what guarantee have we that the road is to be operated? It seems to me that the only guarantee we have to-day that a road is to be operated for the benefit of the people of Canada, is that the property and assets of the company shall be charged with the actual running expenditure. If that is insufficient, then one of two things must happen, either foreclosure of the road by the bondholders, or permit the property and assets to be invaded for the cost of running. That is a matter upon which they can exercise their own discretion, and regarding which they have the remedy in their own hands of foreclosing their mortgage. We are legislating upon a very important question involving very large interests, without a knowledge apparently of any conditions having arisen to warrant the legislation. I am at present unaware, since the passage of this Act, of any railway in this country, except it be the Intercolonial Railway—and we usually except that from all railways that can run on commonsense lines—whose affairs call for this legislation. All the railways that I know have sufficient revenue to pay their running expenses. If any conditions have arisen warranting an amendment of this kind, it seems to me the government should have assumed the responsibility of introducing this legislation. It should not have been introduced by a private member, not that I for a moment place any limitation on the right of any hon. gentleman to introduce any legislation he may think fit, but the government has peculiarly assumed the responsibility of acquainting itself with every phase of railway undertaking, and it seems to me that this is a case in which