

was no proposition to sell the charter. There was no understanding that Macdonald was to assume the organisation of the company and to carry on the organisation of the company hereafter, that these directors were to be discharged from responsibility in the company, that Mr. Beaty was to cease to be president or that the member for King's was to cease to be a director. What was to be done with this road after it was built? Was it to run alone? Was there to be no general manager? Was there to be no treasurer? Was there to be no one to receive the proceeds of the freight and passenger traffic, no one to pay the interest on these bonds? Who was to furnish the rolling stock and pay the interest on these bonds? If you take this sum of \$1,500 which, the impression was sought to be conveyed, was intended as a spoil to be divided among the directors, you find it is only one year's interest on \$25,000 a mile at 6 per cent., and much less would it buy the rolling stock. This \$1,500 a mile will be paraded before the country as what these gentlemen were to divide among themselves. Now, out of that they would have to pay the interest on these bonds for one or two years during construction, and the interest for one year at 6 per cent. on \$25,000 a mile would be \$1,500 a mile. There was the rolling stock to be provided, there were the old debts of the former company to be paid, or rather three-fourths of them, because one-fourth was provided for under the arrangement; and yet it was said this was trafficking in the charter, this was a sale of the charter, without a word being said as to the capital stock or passing over the organisation of the company to Macdonald or anyone else. But it will be urged that it was a sale of the charter. I contend that it was not, but was simply a contract with Macdonald to build the railway; and it is easy to understand many ways in which this \$1,500 would be used and expended without supposing anything improper in the intentions or objects which Mr. Beaty had in view in stipulating for the payment of that \$1,500.

Mr. MILLS. What was the dispute about?

Mr. IVES. Dispute about what?

Mr. MILLS. Between the hon. member for King's and the hon. member for West Toronto.

Mr. IVES. The dispute between the hon. member for King's and the hon. member for West Toronto is a matter which does not affect the public interest in any way whatever. It is either important or it is not important that this railway should be constructed. The importance of its construction is not lessened or increased in the slightest degree by Mr. Beaty being the general manager of that road and its president, or by Mr. Woodworth being the general manager of that road or its president. It is not at all, in the public interest, a matter of any consequence whether these two men agreed or disagreed. It is an unfortunate matter because it will require the united energies of both, perhaps, to complete the undertaking. It is unfortunate that they did not agree—

Mr. COOK. Yes, it let the cat out of the bag.

Mr. IVES. But whether they did or not is a matter of no consequence. The hon. gentleman says it let the cat out of the bag. There is only one advantage that hon. members opposite have—they agree so well together that they never split on one another.

Mr. COOK. There is nothing to split on.

Mr. IVES. Then a great deal is made of the fact that the hon. member for West Toronto had assigned to him absolutely a controlling interest in this charter, or in other words that a majority of the capital stock was transferred to him. Now, what does that mean? If you were to listen to some of the hon. gentlemen who addressed the Railway Committee you would suppose that that \$386,000 in stock

was absolutely convertible any moment into \$386,000 in cash. All I can say is that perhaps that stock may be as good as money if you do not need the money, but, if you do need the money and were to offer it for sale, you would find it absolutely worthless. What does that \$386,000 mean? It means simply that the man who has it has the control of that charter, and he has the opportunity of going from Dan to Beersheba, taking the words of the hon. member for King's, in the search of somebody who will put money into this land grant and into this railway and construct it. That is what it means, because, whenever you find capitalists who will undertake to put money into the construction of that road or any other similar enterprise, you will find that they will demand a controlling interest in the organisation or company. When a railway company that has money to pay its contractor goes to contractors and makes an arrangement for the construction of a railway, the contractors do not enquire as to who owns the controlling interest in the stock, nor do they trouble themselves as to the stock. But when a company has absolutely no money, which has nothing but the chance to build the road, and the chance to receive 6,400 acres of land, after they have completed the work, when that kind of a company goes before a capitalist, the contractor must be a capitalist in that case, when he goes to a capitalist contractor and asks him to build the railway, the first question the capitalist contractor asks is: Who has the controlling interest in the stock of this company, and can you hand over to me, when the work is completed, the controlling interest? Now, this \$386,000 which is talked of as if it were so much money, which appeared in the newspapers as being an enormous find, an enormous swag, made by the member for West Toronto, is simply so much absolutely worthless property, until the railway is completed, and perhaps then worthless except to him who controls the organisation of the railway, and which it was absolutely necessary he should control, before he could possibly undertake to make any arrangements for the construction of this road. Now, I said in the Railway Committee on a previous occasion, and I desire to say here, that I think if, in enterprises of this kind, the capital stock were made to be of much less amount, perhaps confined to a thousand dollars a mile, or something of that kind, the issue made so much less so that it could be paid up by the promoters of the railway and form a fund for surveys and preliminary expenses, it would be much preferable to the present plan of setting these companies on foot. We now allow a railway to issue a capital stock of about \$20,000 per mile. Well, as a rule, that capital stock will not be subscribed, and it will not be paid, because bonds must be issued, and they are preferential to the stock, and the result is that the stock will not be subscribed, and will not be paid up, and still it must be subscribed in order to obtain control of the organisation. No one will invest their money as contractors in the construction, until they know where the controlling interest in the capital stock lies, and therefore such measures have to be resorted to as were resorted to in this case. Stock has to be issued absolutely to someone as a trustee to hold it. This is the position in which Mr. Beaty stands in this matter. To him, as the active promoter of this road, the company, his brother directors, issued a controlling interest in order that he might go into the world to find somebody who would put their money into this undertaking. In another particular the newspapers and some hon. members have been exceedingly unfair, and have given a very unfair impression with regard to the position of Mr. Beaty and his brother directors, and that is, as to the amount which was to be paid to the contractors, or which was available for the construction of this railway. Why, you would think, to hear hon. gentlemen opposite talk, that there was an enormous amount of money available. First there is the \$20,000 stock;