

properly—that this was a vitally important question. Railway questions are almost the most vital in every country. And for this excellent reason—the railway industry is the only one that works in connection with every other industry. Whatever the development of trade, of farming, of manufactures, if we do not have the railway communication to bring our products to the sea-board, all our efforts at production are useless. But, with Canada, there is more in the question even than that. I say that the railway question is the basis of our national existence. And why? Without railways there would be no Canada. Canada geographically speaking, and looking at it from a purely natural point of view, is an absurd country. It was never intended by providence that a country should be divided from its neighbour by a line of three thousand miles not based upon any natural boundaries, whilst that country is divided within itself by obstacles that can never be wholly removed. We have three of four countries in one; and had it not been for the construction of the Intercolonial Railway and the Canadian Pacific Railway, the maritime provinces and British Columbia would be now part of the American republic. Well, Sir, by building railways, we have given existence to this country; but the time has come, I think, when railways may be the cause of disrupting the nationality of this country which they have been the means of building up.

I am not going to enter into a long discussion of the railway policies of the various European countries. The one I am most familiar with is that of the French Republic. And, in my opinion, the French Republic has attained nearly the point of perfection so far as its railway policy is concerned. France started as we did, by granting subsidies; but did not continue that policy very long. Soon afterwards they adopted the system of granting annuities of ten or fifteen years to railways. Then, they abolished both subsidies and annuities, and gave a guarantee of interest as well as a guarantee of sinking fund. And what is the result? The first is that the state is interested in seeing that no railway shall be built unless it is useful and will bring in revenue. The second is that the shareholders and the men who loan money on the debentures knowing that the interest and also the sinking fund are guaranteed, will always give full value for the security. The issue of watered stock for building railways is unknown in France; all the money handed over to the railway companies for stock and debentures is put into the railways. The government does not give a permanent charter to a railway company, but gives a charter for ninety years. You may say that that is a pretty long charter. But, in a nation's life it is not so very long. The granting of

this form of charter keeps the ownership of the railway in the government, while it does not charge the government with the duties of administration. Therefore, to compare our control of the Intercolonial Railway with such a system of government ownership is of no value, because the systems have no relation. The government ownership is clearly asserted—a company is not allowed to transfer its capital, or its route, or its rolling stock, without the permission of the government that owns it; yet, at the same time, the government is not loaded with the care, the responsibility and the inconveniences that would necessarily result from administering the road. After the expiry of the franchise, the whole thing returns to the government. Those who have received annuities are obliged to compute those annuities at 4 per cent, and the amount thus ascertained is deducted from the capital paid to them. In the case of those that received a guarantee of interest and sinking fund, the sinking fund is accumulated to be deducted from the price of the purchase. The guarantee is lost, to a certain extent, but that is compensated by the fact that, every time the net surplus of the company pays more than the interest that is guaranteed, it goes back to the state. For instance, supposing that 4 per cent is the guarantee for the railway, and the revenues of the railway yield only 3 per cent, then, the government pays 1 per cent to the shareholders and the holders of the debentures. But, if the amount paid by the railway company is 5 per cent, then 1 per cent goes to the State for compensation for what has been paid. The amount that had to be paid by the state increased for a number of years. But now it is decreasing, and the least optimistic of economists in France are able to point to the day when not only the railways of France will not be a cause of taxes laid upon the people, but will be actually a source of revenue, and their capital value a means of helping to extinguish the national debt. I do not say at present that the French system should be applied here. I am simply pointing out these facts to instance a country that is solving this railway problem in a marvellous way.

Now, I admit that our condition in this respect has arisen from the absurd physical form of our country. We have been obliged to build railways and to subsidize railways where no revenue could be expected. But, Sir, we have been wrong in this—we have granted too many charters. We have given charters right and left, not in accordance with the requirements of the country, but simply because a few schemers would come here—men without capital and without responsibility. To these men we would give the privilege of bonding their railway for more than it was worth and would give subsidies so large that, with the proceeds of the bonds and of the stock they