

is an eminently practical one. Now, with regard to capitalization, as a general rule, I would give a company the most generous capitalization provided they were not going to receive aid, because as a rule it takes them a while to finance the matter, and after all, the stock of the company may never be worth a cent. But in view of the fact that we know there is coming down a generous Subsidy Bill in connection with this railway, the stock of this company is in an entirely different position from the stock of a company which has no prospect of any such assistance. I undertake to say that the Mackenzie & Mann railway stock for that 1,250 miles is to-day of considerable value. Any man of intelligence would give a considerable price for every share in that 1,250 miles of railway, because we have generously guaranteed it, and it will be of value at once in the market. If that is so, then the very instant that we give a guarantee to the Grand Trunk Pacific, supposing our aid assumed the character of a guarantee, that stock will immediately be of value, because the building of a railway is assured at once, and financial men will at once conclude that it is going to be a success. We have seen the Canadian Pacific Railway as a pioneer; their stock to-day is one of the best investments in Canada. I have no doubt that this Grand Trunk Pacific stock will at once command a good price in the market, and within three or four years more it will be at par, because with generous support I have no doubt the road will be built very quickly. Now then when we are passing a Bill where the stock is going to have a real value at once, you must deal with that stock in a different manner from the speculative stock you give to a company where you may never have the railway built. Consequently, I agree with those hon. gentlemen who say that we ought to take the two Bills together in order to make a just bargain, and I think the Minister of Railways and Canals would be dealing courteously with this committee if he would agree to that.

Clause 2, of section 4, carried on division.

On section 11,

The directors of the company elected by the shareholders may make and issue as paid-up stock, shares in the company, whether subscribed for or not, and may allot and hand over in payment for plant, rolling stock, docks, elevators, wharfs, warehouses, vessels, or materials of any kind, or as consideration for rights, powers and privileges acquired and also for the bona fide claims of contractors and engineers, such an amount of such as shall be a fair and bona fide value for the property purchased, or for the rights, powers and privileges acquired, or services rendered, as aforesaid, other than promotion services, due regard being had to the then market value of the stock, and such issue and allotment of stock shall be binding on the company, and such stock shall not be assessable for calls.

Mr. BORDEN (Halifax). What is intended by the expression 'due regard being had to the then market value of the stock?' There does not seem to be any great element of precaution in that. The stock would very likely, at that particular time, have no value whatever. Should there not be some provision that the value of the services should bear some proportion to the par value of the stock?

The MINISTER OF RAILWAYS AND CANALS. The hon. gentleman (Mr. Borden, Halifax) does not surely imagine that the stock of the Grand Trunk Pacific or any other undertaking would be taken at par in satisfaction of a bona fide claim of any kind at that early stage. I do not know how else you are going to regulate the issue of the stock paid up in exchange for property acquired, plant, or anything else than by the precaution which is included here.

Mr. BORDEN (Halifax). I do not think this amounts to any precaution at all, and I do not think that the hon. Minister of Railways and Canals can point out in what way it does amount to any precaution, or in what way it controls the amount of stock that may be given for any services rendered or property acquired.

Mr. McCARTHY. It prevents stock being given for promotion services.

Mr. BORDEN (Halifax). It may prevent stock being given for promotion services, but it does not do anything else. The stock given will get into the hands of those who care to take it for a nominal amount. If this is not possible, I would like to have the hon. minister show me how it is not possible, because I think I know the English language and it is a perfectly feasible thing under the terms of this section that that should be done.

The MINISTER OF RAILWAYS AND CANALS. I grant that it is a difficult thing to make provision for unless you omit it altogether. If you forbid giving stock what is to prevent anybody who wants a thousand dollars' worth of stock for services valued at \$1,000 or \$2,000 from securing it? All he has to do is to pay his \$2,000 into the hands of the company and get his stock, and the company will hand him back his \$2,000 for his services. If the directors are satisfied, how are you going to prevent it? By what legislation are you going to prevent that being done? This section affords some protection particularly as respects the handing out of stock for promotion purposes. That it absolutely forbids altogether. When it comes to other services there would be some value attached to these services, and it will be determined by agreement between the parties.

Mr. GOURLEY. Could you not put in a minimum price?