

this company no harm by striking out this clause. They have only a million dollars capital. If we strike out this clause we will show that we intend to purge this country of combinations. It will become a serious question in a few years, as the hon. gentleman from Wellington has said. When this thing gets properly started, if all the water-powers become absorbed, the combination would control all the street cars and the electric light companies and the people would be simply hewers of wood and drawers of water for a huge combine. We have the history of the United States before us. Combines started in a small way, with five or six millions of capital, and Congress gave these companies everything they wanted. They would be glad to-day if someone twenty or thirty or forty years ago had advocated the stopping of the machinery to allow the combines to get hold of the resources of the country in this way.

The amendment was lost on division.

The motion for the third reading of the Bill was agreed to, and the Bill was read the third time and passed.

RAILWAY ACT AMENDMENT BILL.
IN COMMITTEE.

The House resolved itself into Committee of the Whole on Bill (PP) An Act to amend the Railway Act as regards the preferential charge created by the sale of securities.

(In the Committee.)

Hon. Mr. CASGRAIN—This is a very short Bill, and simply proposes to strike out the words 'Property and assets' in the fifth line of section 138 of the Railway Act, chapter 37 of the statutes of 1906, but it is a most important measure. It lies at the very foundation of all the great enterprises of this country. It affects the bonds not only of the railways but of several other enterprises also, where we render the Railway Act applicable, and I am sure that the attention of this House, will be given particularly to the Bill, as it is of such a great importance to the very credit of the largest enterprises of this country. The greatest projects depend, as you know, on money raised on bonds,

and one of the very first functions of this House is to protect the bonds, which really means the credit of the country. Now, we must remember that the moment a railway company, or any other enterprise, issues bonds, the legal estate is vested in the mortgagee; a deed of trust is deposited in the Department of the Secretary of State. It stipulates certain provisions, amongst which the property is virtually handed over to the trustees for the bondholders, and the company is allowed to exploit or operate the enterprise, provided it complies with certain provisions stipulated in the deed of trust, the principal of which is generally the paying of coupons at the time of their becoming due, and also the payment of the principal of the bonds when it becomes due. Until the coupons have been paid, and until the principal of the bonds has been paid, the legal estate is vested in the bondholders. They are virtually and technically the owners of the property. Therefore the directors of a company going into large expenditure are actually, as the law stands to-day, creating a charge, a lien, on a property that technically does not belong to them, but belongs to the bondholders. The object of this Bill is to restore the law as it existed prior to 1903, when the Railway Act was consolidated. It is going back to the law as it existed in the statute of 1888. There is no intention to inflict a hardship on any of the other creditors. It must be understood that every dollar of revenue or rental shall go to pay the working expenses of the railway. It is only when a railway may not have sufficient revenue to pay the working expenses that the clause will operate and surely it will be time then to notify the bondholders. The bondholders may get their coupons paid out of the revenue of the road while at the same time the directors may be borrowing money from the banks or elsewhere to pay operating expenses and after a year or so, when the bondholders find that their coupons are no longer being paid, or the road is going into insolvency, they cannot act themselves; they can only act through the trustees. These trustees generally live on the other side of the Atlantic. When a railway gets into difficulty, one of the trustees comes to