

it into the hands of the Government at 4 per cent. and they say: Keep this to secure the 12½ per cent. dividends—I ask you what is to be expected from finance like that? Now, Sir, the original proprietors who took the additional \$20,000,000, have on their \$5,000,000 of cash, for which they received \$20,000,000 of stock, already received 52 per cent. on their capital investment. They got for part of the time 24 per cent. per annum on their investment, and for the rest 20 per cent. They promised themselves a continuation of this same dividend until the completion of the road, and honorable men, fulfilling their promise, they kept it, Sir, in the dire distress of the company in last September, they kept it in the still more dire distress of the company on the 17th of February last. What mattered it that the contractors were unpaid? What mattered it that the section men on the line, the employés, were unpaid? What mattered it that their credit was being destroyed? What mattered it that they were embarrassed in every way? Their promises to themselves must be observed. They took out the money and they put that money into the extra dividend producing these enormous profits, and left the contractors and section men, honest debts and everything else, unpaid, and destroyed the credit of the company. We could not collect our interest in May. We gave them time to pay it in May, because we did not want to interfere with their use of the money in the prosecution of the work; but they took care to pay their dividends, although they would not pay us our interest. There is one thing that must be done: the dividend must be paid, no matter who is left out. Having got this 24 per cent. for part of the time, and this 20 per cent. for the rest of the time, they have secured themselves, by this arrangement, 12 per cent. for eight and a-half years to come upon this investment. Blow high, blow low, do ill or do well, give up the road, if you like, to-morrow, still there will be 12 per cent. up to the end of eight and a-half years. By the end of ten years, for which this arrangement is made, they will have taken on that \$5,000,000 the sum of \$7,810,000, apart altogether from the future earnings of the road, on which the company declared, just the other day, they expected to make a profit in the first year; so that, leaving the earnings out, it will repay them their whole \$5,000,000, with 10½ per cent. interest, until repaid. They are absolutely secure to get back every shilling of that \$5,000,000 and 10½ per cent. interest on it under this arrangement, and to own besides in respect of that investment twenty-sixty-fifths or nearly one-third of the whole enterprise, land and all. But they say you ought to average their investment; that it is very unfair to deal separately with the second \$5,000,000. I deny that, but I shall go into the account on the average investment, too. Now, taking the average on the \$10,000,000 cash they put in, \$5,000,000 of honest cash, \$5,000,000 for which they get twenty millions. They have got \$3,610,000 in dividends already, and they get, in eight years and a-half, \$6,875,000 more, or \$10,485,000 of dividends, apart altogether from the road and the land and the future earnings of the road, on \$10,000,000 capital.

Mr. HAGGART. Why don't you buy some of the stock?

Mr. BLAKE. I do not know what the hon. gentleman's interest in the company is.

Mr. HAGGART. I have none, but you say it is a good investment.

Mr. BLAKE. But the law forbids any member of Parliament to be an owner of stock of the Canadian Pacific Railway. Now, Sir, these are figures in respect to which I challenge contradiction. If you put to one side the question of a return of the capital, and assume that the capital will be represented by twenty-five sixty-fifths or more than one-third of the Canadian Pacific Railway and its lands, at the

Mr. BLAKE.

end of ten years then their dividends have been in the earlier stages from 15 to 12½ per cent. on their whole ten millions, and they are to have 7½ per cent. for the rest of the term, after the completion of the road, with the chance of dividends from earnings to be added. So that they will have more than one-third of the enterprise, with dividends already secured, varying from 15 to 7½ per cent., during the ten years after its inception. Now, as to the other stock. That stock realised \$19,500,000 cash for \$40,000,000 of stock, and it has obtained, and will obtain, in secured dividends, \$14,390,000, an enormous interest; and, besides that, forty sixty-fifths, or nearly to two-thirds of the whole enterprise. Now, Sir, take the average date of the payments of the \$29,500,000. I have averaged the dates of the payments at which those men put in their money, and I find the average date of the whole, including the original \$5,000,000, was the 16th January, 1883, and by the 17th February, 1885, or in two years and one month, they had received \$7,000,000, or 11½ per cent. per annum profit on the whole \$29,500,000. And the future secured dividends, allowing the September 1 per cent., which they have promised themselves—and I have shown the desperate fidelity with which they have adhered to those promises of the past—will give for the future 8 per cent. per annum of profit, apart from earnings, up to 1st September, 1885. In all, if you include the September, 1885, and February, 1886, extra dividends, there will have been paid and provided for dividends \$24,875,000; or a sum equal to the whole amount realised from stock by the new finance. They will have paid \$24,500,000, and there will have been paid and provided for dividends, even including only the September payment, just about \$24,500,000. So far from these resources of the company being invested in inside or outside operations, the net result of the transaction has been to invest money with one hand for the purpose of taking it out with the other. In substance the proceeds of the stock are divided among the stockholders; we are to raise money to build the road; and the country is to pay tolls for all time to meet the stock so divided. The company are seeking to secure \$15,000,000 of additional capital to use, although they have \$14,100,000 available in the hands of the Government. The Government are asking the permission of the country to reduce interest on the public debt and to create an interest charge on the new capital, while the company are saying that whatever happens we must take care of ourselves and the Government must take care of us, and we must lay by a nest-egg for ourselves. I maintain that the proper place for the company's money is the company's road. I maintain that we have no right to connive at transactions like this, to approve or to endorse them. We never contemplated such an act as this, that millions upon millions would be emitted, representing a nominal capital of \$60,000,000 and an actual capital of \$24,500,000, and then that we should be called upon to lend about \$29,500,000 and then be asked for \$5,000,000 more, and to impair our security and lower our rate of interest, in order that those gentlemen may run no risk at all, but ensure to themselves large interest in the meanwhile and a magnificent enterprise subsequently. They say it will pay a dividend from the start. It is just about to start. Let them take their dividend out of the earnings, and use their money to complete the road which is to produce the earnings. Do not let them do like the man of old, put their money in a napkin and bury it in the ground; but let them put it where it will do the most good for the country, put it where it is destined to go, put it where it belongs. For what purpose was the stock issued—the stock of \$60,000,000? To make dividends for the stockholders? Was it not that the money might be got to build the road? Use the money then to build the road. The company have already taken \$7,000,000 out of the nominal capital and put it in their pockets. Let the company take the \$14,000,000 in the hands of the Government and put it into the road. That money will pay off the floating debt; it