

revenue thrown into his security, but the amount of the bonds would be increased from £500,000 to £1,700,000. To that extent the total interest upon those equipment bonds would be damaged, providing the net revenue did not increase; but here let me call your attention to the initial point. First, it is necessary to increase the net profit; secondly, that can only be done by addition to the plant; and thirdly, that can be done only by additional capital. That brings us to the point that if we are right the increase of net revenue will be so large that the position of the equipment bonds must clearly, in every sense, be improved and benefited. With regard to the first preference bondholders, I say, then, that the increase of the net revenue of the line must in every way be to his advantage. That is almost a self-evident proposition. To the other classes of bondholders it is of vital importance. I would appeal to the first preference bondholder to consider for a moment that, although no doubt he is entitled to his interest, and to object if he thinks he is to be burdened with any prior charge either certain or contingent, that this is a concern in which we are all partners, and if anything can be done which, without injuring him, will benefit the rest, I think he is bound in good feeling and kindness to make some little concession in order that it may be done. I think the first preference bondholders will look at the matter in this light. Now, let us see whether two propositions, very material to this argument, are correct or not. One is the anticipation in this report that the postal and military revenue may in a reasonable period, say of five years, increase one-half in excess of the income of 1866-7. In that case it would, with the £30,000 now paid to the equipment bondholders, amount to £102,000 a-year, or to a sum per annum just equal to what would be the interest on the total amount of the equipment bonds if our scheme were adopted. In that case, what complaint could any one make, five years hence, of having a pre-preference put over him? If we are wrong in our calculations show us how; but if we are right, I wish to know where, five years hence, there will be any ground of complaint whatever? Let us now look to the intervening period of five years. There was a proposition made, and I was ready to entertain it, but others took a different view, that this increase of interest to the postal and military bonds should be suspended for two or three years, so as to give time by the construction of the Intercolonial Railway to make it absolutely and entirely certain that the increase of net profit would be larger than any increase of interest on these new