

determine to take over the road, they should give to Mackenzie and Mann somewhere between \$5,000,000 and \$10,000,000, it would not be treating them unfairly; it would be treating them with a degree of generosity to which their energy and enterprise might fairly entitle them. If Parliament is asked to adopt these resolutions, under which the country incurs all the risk; under which, if they be pulled through successfully, the Government and the country will be placed at a great disadvantage in acquiring the ownership of this property—doing so, as has been so strongly stated, without Mackenzie and Mann, who are the heart and soul of the Canadian Northern Railway Company, who own it out and out, putting up their own securities and their own wealth to indemnify the Government—it is asking this Parliament to do what is entirely inexcusable and for which there can be no defence.

Mr. W. T. WHITE: The hon. gentleman who has just taken his seat has directed my attention to certain remarks made by the hon. member for Pictou during my absence. I am unacquainted with the particulars of what he said and can only surmise his remarks, which I understand related to the issue of \$7,000,000 of par value fully paid stock of the Canadian Northern Railway Company to the Government of Canada last year as part of the consideration of the subsidy then paid. My hon. friend makes the personal request that I should give an explanation. I am glad to see my hon. friend back in the House; he knows that I can refuse him nothing that he asks in reason. I may say further that I am glad to have a real able lawyer before me, a real corporation lawyer, who knows the difference between fully paid and authorized capital stock, because I am not quite so sure as to the knowledge of certain of his colleagues as to the difference between the two kinds of stock.

Mr. PUGSLEY: What about watered stock?

Mr. WHITE: I am not sure either that some of my hon. friends know even what watered stock is; the Solicitor General will probably deal with that phase of the question a little later. I think that I can relieve my hon. friend's mind of the burden with which it appears to be oppressed with regard to this \$7,000,000 of fully paid stock which he says or implies is illusory and was supplied by the printing presses of the

Canadian Northern Railway Company. My hon. friend is, as I said, a good corporation lawyer and he knows that a company may have an authorized capital of any amount; that its issued capital is something very different from its authorized capital; that its issued capital may be of a very much less amount. A company's issued capital may not lawfully exceed its authorized capital, but the directors of a company, up to the limit of their authorized capital, are authorized to issue stock which becomes fully paid up if paid for in cash or other valuable consideration. The question which my hon. friend has brought to my attention turns, therefore, upon what I said to the House last year with respect to the \$70,000,000 of stock. My hon. friend said that the hon. member for Pictou had stated that I had said to this House on that occasion that we were to get one-tenth of the paid-up issued stock of the company I am sure my hon. friend must have misunderstood what the hon. member for Pictou said I said, or a man of his intelligence would never have brought this forward. My hon. friend understood my hon. friend from Pictou to say that we were to get one-tenth of the paid-up stock.

Mr. GERMAN: Of the issued stock.

Mr. WHITE: We will even say that. I would just as soon have it that way, and I will try to satisfy both gentlemen. The hon. member for Welland says that I said we were to get one-tenth of the common stock which had been issued to Mackenzie and Mann, and the hon. member for St. John says that he understood that I said we were getting one-tenth of the paid-up issued common stock of the company. My hon. friend from Welland cannot contradict that, because he made the statement just a minute ago.

Mr. GERMAN: Whatever 'Hansard' says.

Mr. WHITE: I will just direct my hon. friend's attention to page 11725 of last session's 'Hansard':

Mr. Murphy: How did the number of shares come to be fixed at 70,000?

Mr. White: By legislation of this Parliament. The \$70,000,000 is the authorized stock of the parent company under legislation of this Parliament, one-tenth of which the Government acquires in consideration of a subsidy which is above the ordinary.

What I said to this House was that the authorized capital of the Canadian Northern railway was \$70,000,000, and that we