

us that the dividend-bearing capital should be kept down to the lowest possible figure, so that the burden on the commerce of the country might be kept down to the lowest possible figure. That being the principle, and these being the expectations of Parliament, I now address myself to the question: What has actually been done? I leave out of consideration, for the moment, the original \$5,000,000, because that was contemplated, that was arranged, that was subscribed, that was paid in full, that went into the fund; but, besides that, the company has issued \$60,000,000 more, and in connection with its stock operations it has raised \$7,380,000 from the Government. Now, I want to know, having stated the millions of stock that it has issued, \$60,000,000 of new stock and \$7,380,000 raised from Government in connection with stock operations: what has that produced? The original stock of \$5,000,000 would have reaped its whole profit out of the working earnings; \$1,000,000 would have paid a fair and reasonable dividend during construction on the \$5,000,000 of capital, and that would have been paid out of the working earnings of the road; but that abominable system of stock watering to which I have referred, which, I have pointed out, in two years resulted, in the United States, in the increase by two thousand millions of interest and dividend-bearing stocks and bonds, or presumably interest and dividend-bearing stocks and bonds, while the betterments represented by that two thousand millions only cost one thousand and fifty millions, or, practically, \$2 of obligations for every \$1 of real value was to be introduced. That abominable system which has destroyed the credit of the American railways, which has rendered it impossible for the ordinary mind, with ordinary acquaintance with things, to judge of the real value of an enterprise at all, which even induces an Acting Minister of Railways to talk of the cost of a railway system as \$323,000,000 when it has cost only a trifle compared with that amount; that system which renders everything vague and speculative, which gives every opportunity to the dishonest man to deceive and gull the simple investor, was to be carried out. The principle of an honest paid up stock was to be given up, and the first thing that was done was to commence the creation of this load of fictitious capital. They issued to the original proprietors of \$5,000,000 of paid up stock \$20,000,000 more, realising only \$5,000,000 in cash, or 25 per cent. of the nominal value. They got \$5,000,000 in cash, and they issued \$20,000,000 in stock. Having done that, they sold \$30,000,000 more at prices which netted the company only \$15,281,754, or under 51 per cent. of the nominal value. They then proceeded to borrow on, and ultimately to sell, \$10,000,000 more, selling at a price which netted the company \$4,211,294, or 42 per cent. of the nominal value. They thus produced from the \$60,000,000 of nominal capital \$24,493,000 in cash, or, on the whole average, under 41 per cent. of the nominal value. And, if you choose to throw in the honest \$5,000,000, and to put it together with these tainted matters, you find that an issue of \$65,000,000 nominal realised \$29,493,000, or 45½ per cent. of the nominal value. And if you choose to average the holdings of the original proprietors, the \$5,000,000 honest and the \$20,000,000 at 25, their special holdings cost them 40 per cent. of the nominal value. Now, remember, if you please, when you hear talk of a ruinous price for Canadian Pacific Railway stock, when you hear talk of risks, when you hear talk of difficulties, when you hear talk of embarrassments, that the whole of this stock, the first five millions paid up and all, was issued by the company at prices which realised only 45½ of the nominal value. Remember that the original proprietors put their estimate of value upon their whole holding by taking the \$20,000,000 at 25, thus averaging for their holding 40, and remember that the stock has fluctuated from 37 and 38 for a little while, up to 64 and 65. Now, what is 50 on a stock, the real value of which, as

represented by the money given for it, is 40? Why, of course, when you pay 50 for a stock of which the real value is 40, it is an advance of 10, it is a premium of 25 per cent.; if you pay 60, it is an advance of 50 per cent.; and, if you pay 80, the price to which Mr. Stephen said he expected the stock to advance, it is an advance of 100 per cent. on the 40 which was paid, and at which he could have sold, if his expectations had been realised. The original proprietors, if the glorious visions in which they indulged, and which they expected the House to help them to realise, had been realised, having paid \$10,000,000 for \$25,000,000 of stock, would have realised 80, and thus taken \$10,000,000 clean profit, apart altogether from the question of interest or dividend. I am going to deal with the question of interest and dividend presently, by itself, because it is too large a question to mix up with capital. But I am dealing now with the new finance. The \$60,000,000 of the new finance netted \$24,500,000. The Government loan in connection with the stock was \$7,380,000, or a total of \$31,880,000. I enquire, now, what has become of the proceeds of the new scheme of finance? What has become of that \$31,880,000? There is what the company realised by the issue of stock and by a mortgage, in connection with its stock operations, of its assets, irrespective of the sales of the public lands, the grant of the public moneys, and the grant of the public loan. Now, Mr. Stephen states that the company itself paid, not out of the Government moneys, not by virtue of the moneys placed in the hands of the Government at all, but itself paid, in dividends, up to the 31st December, 1884, the sum of \$3,428,000. The company itself paid, on the 17th February, 1885, a further dividend of \$650,000, or 1 per cent. To these sums which the company itself paid, not through the medium of the Government, I add the company's deposit with the Government and the company's loan from and deposit with the Government to meet dividends, which amounted to \$15,942,645; and I add also the interest which was paid and allowed on that item up to 17th February, 1885. That interest amounted to \$318,852.96 for one half-year, \$305,729.56 for the second half-year, and \$292,344.56 for the third half-year, making an aggregate of \$916,927, which was produced by the means of the deposit of \$15,942,645. These sums make a grand aggregate of \$20,937,572, or, in round numbers, twenty-one millions of dollars already devoted by this company to the purposes of dividends. Now, what is the short result? They raise by the new finance on stock twenty-four millions and a-half of money, and they have devoted by the new finance to dividends twenty-one millions of money, making \$3,500,000 to go on the work, and \$21,000,000 to go into their own pockets. What is the amount they actually paid on dividends up to the 17th February last? On the first \$5,000,000 of cash stock they have paid about \$1,000,000; on the \$20,000,000, which represents \$5,000,000 cash, they have paid \$2,610,000; on the \$30,000,000, representing \$15,281,000, they have paid \$2,640,000, and on the \$10,000,000, representing \$4,212,000, they have paid \$750,000, or a total of \$7,000,000 already paid in cash to its shareholders by this embarrassed company, which has to come to us for help in its urgent need. And having paid \$7,000,000 in cash they have deposited with the Government now, at interest at 4 per cent., \$13,934,572.42, which with interest, at 4 per cent., would sum up to about \$14,100,000 at this moment in the hands of the Government. Now, Sir, there is the finance. A portion of that \$15,942,645 was paid in by the company itself, how was it raised? It was raised by the sale of this stock at a price which makes the dividends on that stock between 12 and 13 per cent., and it was deposited with the Government at 4 per cent. interest to secure the dividends at 12½ per cent. interest on that very stock and the other stock. They sell the stock, agreeing to give it at a price which is to net 12½ per cent., and they take the money and put