

by the Ministers, by Parliament, by the Legislature of Nova Scotia, through which Province the Railway runs, and by leading commercial authorities. The detailed plans were all submitted to, and obtained the sanction of, the Government. Leading Chambers of Commerce in important cities and other public bodies passed resolutions cordially supporting the enterprise, on account of the commercial advantages which would follow its construction.

No scheme ever came to London more strongly fortified than the Chignecto Railway was by every kind of evidence which Bankers could require as guarantees that the enterprise was sound and desired by the Canadian Government, Parliament and people.

All the Government did and promised to do was for the Canadian promoters named in the incorporation Act. Their sole object was to obtain the capital in England and therefore they passed the Acts to ensure this, or otherwise they would have had to abandon the project.

We therefore beg with all respect to submit that the preceding brief description of the initiation and promotion of the Railway shows that it was entirely the work of the Government and Parliament. No responsibility is attachable to the Bond and Shareholders as no person in England took part in originating or promoting the scheme.

When the Prospectuses for the Bonds and Shares were ready to be issued in London in the beginning of 1889, it was found that in the previous year the Canadian Parliament had passed an amendment to the General Railway Act, Sec 94 of which deals with the issue of Bonds, adding to the latter a new sub-section, which says—

"no Bonds or Debentures shall be issued until 20 per centum of the cost has been actually expended on the work."

The above sub-section, therefore, prevented the Company from issuing their Bonds, and they could then only offer the £300,000 of Preference Shares, which were issued on the 20th March, 1889, and subscribed for at par. The Bank of Montreal's name was on the prospectus as Bankers to the Company and the subscriptions of capital were paid in to it.

The work of construction was proceeded with as rapidly as possible, but £220,000 had to be expended on the Railway before the Company was legally entitled to issue any Bonds, and this amount was not expended until the end of the following November. Meantime a change had come over the money market in consequence of financial difficulties in the Argentine Republic and other countries, and we entered on a period of monetary stringency so severe that for several years it was almost impossible to obtain capital for any industrial enterprise. On this account the directors could obtain subscriptions for only £250,000 of the £700,000 Bonds authorized, and these were subscribed for at £108 10s per £100 Bond, showing the complete reliance of those who took them in the good faith of the Government.