

New Brunswick have entered into very large obligations for the St. John Valley railway with the expectation that the Grand Trunk Pacific would use the road to reach the harbour of St. John. But if this agreement becomes law we may say goodbye to the idea of the Grand Trunk Pacific utilizing the St. John Valley road. For this resolution gives the Canadian Northern railway the right to select the Valley railway portion of the Intercolonial railway or any other portion that may suit them best, and the Government must enter into an agreement with them under the terms of the resolution. When the Canadian Northern railway Company are the suppliants, when they are coming to the people of this country to help them out of the difficulty in which they find themselves, why should these conditions as to running rights be given them in advance? Why should they be given the first rights over the Hudson Bay railway or over the St. John Valley road or other portions of the Government railways? They might select the portion of the Intercolonial railway between St. John and Halifax, which is one of the best paying portions of that system. I could understand that the Government might have stipulated that they could compel the Canadian Northern railway to run trains over such portions of the Intercolonial railway as they thought right. But why people who are asking these favours should be given these rights that would only be given to a company that granted favours in return, I fail to understand.

Before recess, the hon. Solicitor General said that the late Government in fixing the capital stock at \$92,000,000 gave the Canadian Northern Railway Company an opportunity to do the very thing which they have done. I have always understood that when Parliament allows a railway company or any other company to have a certain capital stock, it allows the shareholders to subscribe to the capital stock up to that amount. It does not mean that the capital stock to that amount is fully paid up without consideration; it simply means that if they can get people to subscribe for the capital stock they may issue stock certificates to that amount. Never before have I heard it suggested by anybody that when Parliament authorizes capital stock up to a certain amount, it implies the right to issue it as fully paid up and non-assessable. I only repeat what I said before: that when by the authority of Parliament stock is issued as fully paid up, that is taken in the financial

[Mr. Pugsley.]

markets of Europe as a guarantee upon the part of Parliament that there is property or value or money behind that to represent the stock which is so issued as fully paid up. If this Parliament, without any evidence, and, as I say, contrary to what every man knows to be the facts, declares this \$65,000,000 of stock to be fully paid up, the people who are asked to invest in it have a right to assume that Parliament was satisfied that it is represented in value either by money actually paid by the shareholders or by property which has been actually taken over. My hon. friends know that the \$65,000,000 of stock which they are asking this Parliament to declare to be fully paid up, indeed, the whole \$125,000,000 which they are asking this Parliament to declare to be fully paid up, is not worth to-day ten cents on the dollar. It brings in no revenue; it may not bring in any revenue for years; even the most speculative man in Canada would not give ten cents on the dollar for it. Yet this Parliament declares in effect that it represents this vast amount, either of money or of property value. I say that this is entirely wrong, and I desire to repeat in all sincerity what I said this morning: that it seems to me that the proper way to do this is for Mackenzie and Mann to cut this capital stock down to what it properly represents in value—and no man will say that that is more than from \$5,000,000 to \$10,000,000—and then place it in the hands of the Government or in the hands of a trustee and give to the people of Canada, who are coming to the rescue of this undertaking and without whose assistance the Government say this enterprise will go into bankruptcy, the right, if after they are consulted at the next election they deem it desirable to do so, within five years to take over at par value that stock which is not worth more than \$5,000,000 or \$10,000,000. I am one of those who recognize the energy and enterprise of Messrs. Mackenzie and Mann; I would not desire to do them any injury whatever. But if Parliament were to say: In consideration of our taking hold of this bankrupt enterprise; in consideration of, in addition to giving you \$15,000,000 last year to which you had no legal right—giving it to you in exchange for \$7,000,000 which you ran off your printing presses without any consideration, and at a trifling expense—involving the people of Canada in this enormous liability of \$45,000,000 more; if Parliament were to say that if after five years the Government of Canada should