

mostly provided by private individuals. Considerable sums have, from time to time, been given by way of aid or subsidy by the Government towards the construction of some lines, but the main portion of the capital of these railway companies is private capital. What restriction you may impose upon private capital so long as you depend upon private capital to take the risk of constructing a railway is one thing; what temptation you may deem it necessary to offer to private capital in order to induce it to enter into that channel is one thing; but the same considerations are not at all applicable to a case in which you say to some individuals: Gentlemen, we will give you as much and half as much again as is necessary to build this railway, and we will let you own it afterwards. It is not the work of private capital at all. These men will, for a little while, until they make some land sales, invest four or five millions which will be recouped to them within a very brief space of time, and then they will have this enterprise without having sunk a dollar of their own money in it, and will have millions of acres besides. In such persons, so situated, who are to run a railway which has been built by the country for them, we may fairly expect more rigid, instead of less rigid, limitations as to rates and fares, and a corporation, possessing such extensive privileges as these, such privileges for extending lines all through the North-West, and forestalling the construction of competing lines, such statutory privileges for preventing other people from building commercial lines which might interfere with them, on the express ground that their building might interfere with them—on such a corporation, possessing all these advantages, and with no disabilities, we may expect to impose more rigid limitations and regulations as to what they will give to the public for the great deal the public is giving to them. Well, Sir, what have we given them? The General Railway Act, in its 17th section, provides:

"9. No tolls shall be levied or taken, until approved of by the Governor in Council, nor until after two weekly publications in the *Canada Gazette*, of the by-law establishing such tolls, and of the Order in Council approving thereof:

"10. Every by-law, fixing and regulating tolls, shall be subject to revision of the Governor in Council, from time to time, after approval thereof; and after an Order in Council, reducing the tolls fixed and regulated by any by-law, has been twice published in the *Canada Gazette*, the tolls in such Order in Council shall be substituted for those mentioned in the by-law, so long as the Order in Council remains unrevoked.

"11. The Parliament of Canada may, from time to time, reduce the tolls upon the railway, but not without consent of the company, or so as to produce less than 15 per cent. per annum profit on the capital actually expended in its construction; nor unless, on an examination, made by the hon. Minister of Public Works, of the amount received and expended by the company. The net income from all sources for the year then last past, is found to have exceeded 15 per cent. upon the capital so actually expended."

I am not aware of these powers of reducing tolls having been used, either by the Governor in Council or by Parliament, and I believe the existence of such powers, in the case of a corporation like this, to be wholly nugatory. I do not believe these tolls ever would be reduced by the Governor in Council if the Governor in Council was given the unfettered power of reducing them when once established. He is, by the Act, given the unfettered power of reducing them when once established, but the Syndicate, in this respect also, enjoys a limitation of the power of the Governor in Council that no other railway company enjoys. A private railway company, built with private capital, at private risk, and serving the public at the risk of its own capital, may technically, under this section, be subject to have its tolls reduced by the Governor in Council, at the discretion of the Governor in Council. But the Syndicate has this special privilege, granted by the 90th section of its Act of incorporation:

The limit to the reduction of tolls by the Parliament of Canada provided for by the eleventh sub-section of the 17th section of the *Consolidated Railway Act*, 1879, respecting TOLLS, is hereby extended, so that

such reduction may be to such an extent that such tolls when reduced shall not produce less than 10 per cent. per annum profit on the capital actually expended in the construction of the railway, instead of not less than 15 per cent. per annum profit, as provided by the said sub-section; and so also that such reduction shall not be made unless the net income of the company, ascertained as described in said sub-section, shall have exceeded 10 per cent. per annum instead of 15 per cent. per annum, as provided by the said sub-section. And the exercise by the Governor in Council of the power of reducing the tolls of the company, as provided by the tenth sub-section of said section seventeen is hereby limited to the same extent with relation to the profit of the company, and to its net revenue, as that to which the power of Parliament to reduce tolls is limited by said sub-section eleven."

So that while the Governor in Council has, as applied to other railways, an absolute power to reduce the tariff of tolls at any time, the Governor in Council, as to this railway, cannot reduce any tariff of tolls unless to a point at which they will produce not less than ten per cent. per annum profit on the capital actually expended in the construction of the railway. And is it because it is not the Syndicate's money—is it because it is our money—on which the ten per cent. is to be paid, that they are to be secured, while private capital is exposed to a lower dividend? Why is it that they are not to be subject to the Order in Council to as full an extent as all other railway companies are subject? Why is it that the power of the Governor in Council is limited to this ten per cent.? Now, let us discuss this ten per cent. a little. The hon. gentleman ventured the suggestion the other day that this was on the Company's own private capital, but he will not find that suggestion borne out. I shall be very much pleased if the hon. gentleman is able to obtain a declaration from the members of the Syndicate, that what is intended is, that they are to get not less than ten per cent. of the money they themselves put into the railway. That nothing that comes from the country—that the Thunder Bay branch, for instance, is not included—that the railway in British Columbia or the Pembina branch is not included—that the proceeds from the sale of lands is not included—that only that, which, after the public resources are exhausted, they take out of their own pockets, is to bear this ten per cent. If the hon. gentleman will say so, he will remove a large part of my objections to his contract. But he cannot say so; it is not the agreement; it is not the contract; it is not the law. If this contract passes in this shape, the capital, no matter from what source—though it represents the money we have put in, and the money we are going to put in and the proceeds of the land we give—is the capital spent on the whole of that undertaking called, by the Act, the Canadian Pacific Railway, which is entitled to bear ten per cent. And if you say that I under-estimate the cost of the road; if you tell me, so as to make out that they have got a worse bargain, that the road is going to cost them \$120,000,000, then they can take \$12,000,000 a year in tolls, and that without expending, even for a brief space, more than \$5,000,000 of their own capital. They are first of all to take enough of the profit out of the middle and paying part to work that part, and then they are to take profit enough to work the British Columbia end and the Lake Superior end, and after they have taken enough to pay the working expenses of the whole line, after having taxed the farmers of the North-West with enough money to pay the working expenses of the whole, they are then, after all, to set the profit at what rate they please to put it. Call the cost of the road \$90,000,000, that is \$9,000,000 direct profit. Call it \$120,000,000, that is \$12,000,000 a year before you can reduce tolls once established. It is contemplated they shall get ten per cent. interest. You make a provision that their rate of profit shall not be less than ten per cent. in effect so far as you can make that provision. Besides, you will fix these tolls, in the first instance, with reference to the larger running expenditure that will exist and smaller returns that may at first exist. The Syndicate will reasonably say, fix a toll at a rate which will make