

that I know of no charter that has come before us for some time past that has granted powers of capitalization that seem to me so very excessive as those it is proposed to confer upon this company.

The MINISTER OF RAILWAYS AND CANALS. One word in reply to the hon. gentleman (Mr. Borden, Halifax). I did not, in my remarks I made a moment ago, address myself to the contention the hon. gentleman is now making, because, I confess, my attention being called away to the point I dealt with, I did not apprehend that he was adding the bond issue to the capital stock issue. When he does that, the statement he makes with regard to the total amount per mile would not be unreasonable. But I have this to say upon that subject—that I have as strong an objection as any member of this committee to the authorizing of excessive stock and bond issues. I have contended in the Railway Committee as strongly as I could to keep down these figures, to keep them within reasonable bounds. And, in the present instance, I am not going to deny—it cannot be denied—that the fact of the issue of a large quantity of shares added to the exercise of extensive bonding powers will necessarily bear upon the business of the road, and, will, to the extent to which it is excessive, unreasonably burden the business of the country. One cannot possibly shut his eyes to that fact. But I want to point out, at the same time, that that very result is one of the necessary incidents of railroad building by corporations in this country. You cannot build them otherwise. If the country is so adverse to taking up the construction of these particular roads by the general government, if the country will prefer that the work shall be done by a company, then, you have to put the instruments into the company's hands to enable them to raise the money. And I wish to say, in my opinion, they cannot finance upon the dollar for dollar basis of the bare value of the stock and bonds. No company has ever done it, and no company, probably, will ever be able to do it. Before the company is put upon its feet, you must offer special inducements to financial men to put their money into it. Of course, when the road is running and has become a paying concern, people look back upon what might have been done, and say

Mr. BORDEN (Halifax).

that it could have been made a success without such a large share capital upon which to pay dividends, and such a large bond issue upon which to pay interest. That is true enough. But before the enterprise is established, before the company is on its feet, you must go to capitalists and offer bonds at large discounts and offer shares as a sort of bonus to get the people to put their money into it. So, if it is necessary—and it is necessary—to build these roads without the action or intervention of the government, it is necessary at the same time to recognize that you must give them the opportunity and the means to get the money required for the purpose of construction. That is my answer to my hon. friend (Mr. Borden, Halifax), and I take it that it cannot possibly be gainsaid. What was the case with regard to the Canadian Pacific Railway? With all their cash subsidy and land subsidy, they found it necessary to issue millions of their shares at twenty-five cents on the dollar. And, taking one issue with another, probably the whole \$60,000,000 was issued at not more than fifty cents at the outset. And, in the case of the bonds, I suppose they were obliged to dispose of them at a discount. I do not know at what discount, but I have no doubt there was one. So, it is impossible to make a calculation upon the basis of dollar for dollar. And if the country wants the road to be built by the Grand Trunk or any concern associated with the Grand Trunk, it must put that concern in the same position as the Canadian Northern to raise money and carry the enterprise through.

Mr. DAVIS. I have just a word to say with reference to the statement made by the leader of the opposition (Mr. Borden, Halifax) that the Railway Committee would take into consideration both the bond issue and the stock issue of this railway company in regulating rates. I think it should be an understanding, in discussing this matter, that, so far as the stock issue is concerned, it should not have any effect whatever upon the Railway Committee in the regulation of rates. If my hon. friend (Mr. Borden, Halifax) will look into the records of American railways, he will find that they are all regulated by railway commissioners, and that about one-half the stock of railways pays no dividends and is not taken into considera-