

Mr. McCARTHY. No doubt; and under that power they have acted, and one railway company has invested in the bonds of another company.

Mr. BLAKE. Because Parliament has allowed them to do so.

Mr. McCARTHY. The power does not belong direct to the Grand Trunk, but to the Great Western.

Mr. BLAKE. I think it was given to the Grand Trunk in 1878.

Mr. McCARTHY. Charters have been granted to these companies on the understanding that they would be subject to such alterations as Parliament might, from time to time, think proper to enact. We have similar powers in our Interpretation Act, and we should now say that the purchase by one railway company of the bonds, stock, or securities of another railway company, which is quite apart from the ordinary business of running a railway, is illegal and should be stopped; and I propose to ask the Committee to substitute for sub-sections *c* and *d* a clause to this effect, which I drafted before I knew that sub-sections *c* and *d* were in the Bill. The clause I will propose runs as follows:—

It shall not be lawful to apply any money belonging to any railway company on the purchase or acquisition of any stocks, shares, bonds, or other securities of any other railway company; and any director, manager, officer, servant, or agent of any railway company who knowingly purchases, or causes to be purchased, or who authorises the payment or is a party to the payment or advance of any money in the purchase or acquiring of any stock, shares, bonds or other securities as aforesaid, shall be guilty of misdemeanor.

I do not think that is going at all too far. We now have an opportunity in this Railway Bill of declaring that this practice shall be stopped. We cannot prevent great railway magnates investing their own money.

Sir CHARLES TUPPER. How can we reach the case of railway companies?

Mr. McCARTHY. By preventing the companies investing money belonging to their shareholders in the stock and bonds of another railway company. Why should the Grand Trunk, a company chartered to run a line through the Dominion, be permitted to invest the money of its shareholders in the purchase of the stock of any other road? If it is proper and right that the Grand Trunk should amalgamate with any other company, or lease its lines, application should be made to Parliament.

Sir CHARLES TUPPER. That is just what clause *c* prevents the companies from doing, and yet you propose to strike it out.

Mr. McCARTHY. If it is in the public interest that some roads should be amalgamated, and I admit that there are some cases, power should be obtained from Parliament. I can see no reason for objecting to amalgamation in the case of a through line, but I can see grave objection to such a course being followed in the case of opposing lines. In the latter case they know well that Parliament will not sanction an amalgamation. Under powers which these companies never should have obtained, they buy up a controlling interest in the roads, and, perhaps, as in the case of the Hamilton and North-Western, they may retain their former names; still they will be operated and controlled by the larger company, and the competition which was supposed to be created by the construction of the railway is completely destroyed. This is a matter of great importance. I do not ask the hon. Minister to state to-night what action he will take in the matter.

Sir CHARLES TUPPER. Sub-section *c* provides as to investments in the stock of the companies, and sub-section *d* provides a penalty.

Mr. McCARTHY. Sub-section *c*, however, says: "unless specially authorized." That would permit the Grand Trunk,

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the Great Western and other companies having special authority to continue this system. I say we have power to stop it.

Sir CHARLES TUPPER. Would you repeal part of their charters?

Mr. McCARTHY. Their charters were granted subject to the general laws Parliament may impose from time to time. The hon. gentleman is compelling them by sections 48 and 49 to build bridges or make crossings under the highway as the Railway Committee of the Privy Council may think proper. It is a limiting of their charter rights, because it is in the public interest, and it is urgently in the public interest that railway companies should not be permitted to purchase stock of other railways. Can any hon. gentleman give a reason why a company authorized to build a road in a certain direction should invest the money of its shareholders in some other road? If it is proper that two companies should amalgamate, they can come to Parliament for powers. It is a matter fraught to us all with great importance. I speak feelingly, because, in my section of country, the people deem it of the utmost importance that the neutrality and independence of the Northern and North-Western should be maintained. The people are averse to its being bought up either by the Canadian Pacific Railway or the Grand Trunk. If it has to succumb, they would prefer that it should be obtained by the Canadian Pacific Railway; but it is important, in the public interest, that its independence should be maintained. What is being done? Emissaries of the rival roads are acquiring the stock; we know a great contest is going on in acquiring it, and pressure has been brought to bear on the Hamilton and North-Western, as they are part of the Executive Committee controlling both roads, and it was hoped to be able to force the Northern into accepting such terms of amalgamation as the larger road thought fit. Steps of this kind, according to the amendment which I intend to propose, will amount to a misdemeanor. A fine of \$1,000 would simply evoke a laugh; these railway magnates are prepared to pay for stock ten times its actual value. If it is declared to be a misdemeanor, the Judge would have the power to inflict a fine or imprisonment, as he thought fit. I desire to have the penalty one of imprisonment, so that it may be brought within the category of crime, as in no other way can it be suppressed.

Sir CHARLES TUPPER. Sub-section *b* provides:

"That the like approval applied for in like manner shall be necessary in order to the validity of any purchase or lease of any railway or portion of a railway."

The only point on which I differ from the hon. member for North Simcoe (Mr. McCarthy)—of course I speak under correction, because it is a legal question—is as to how far the general power Parliament possesses, in regard to legislation respecting railways, would warrant the House in attacking a special privilege contained in a railway company's charter, enabling them to do certain things. It was for that reason, I suppose, that it was considered necessary to add the words in sub-section *c* "unless specially authorized."

Mr. BLAKE. I think, undoubtedly, my hon. friend from North Simcoe was strictly correct. We retain the power, as well as I remember, expressly, and it is expressly declared that it shall not be deemed an infringement on the privileges of the charter, notwithstanding that Parliament—I do not remember any instance when any specific provisions of this kind were removed—has a natural reluctance to act in that sense unless some great over-ruling public necessity requires us so far to interfere with the security once obtained by virtue of an Act of Parliament, on which corporations had acted; that, I think, is the general principle which has animated public men whenever a suggestion of the kind was made; and, therefore, I think that, if we infringe on that