

stock to issue. We are simply authorizing \$25,000 per mile. There would not require to be so much issued in respect of the prairie section as of the other. There would require to be as much again issued, perhaps more, in respect of the Quebec and the mountain sections as of the prairie section, so that, comparing the proposal approved by the committee with the proposal approved by the government in the case of the Canadian Northern Railway, when dealing with the system of less than 1,500 miles—800 miles built and 700 to be built—we have dealt in no different way with the Grand Trunk Pacific Railway than we did with the other. It was thought, upon mature consideration, that the limited capitalization we allowed there was not excessive. If the hon. gentleman is basing his criticism upon the assumption that we are authorizing stock to issue to the amount of \$40,000 per mile, I think I have made it clear that his estimate in that regard is excessive.

Mr. BORDEN (Halifax). I do not think the hon. gentleman has correctly apprehended the purport of my remarks. I pointed out that in the Bill as originally introduced, there was a capitalization of \$25,000 per mile. Assuming that the line from Moncton should be built, that capitalization might possibly be reduced to the vicinity of \$20,000 per mile. But in addition there is something else you have to take into consideration, when you contemplate any attempt to control the rates in the future, and that is the bonding powers which are contained in section 13. Under section 4, you have a capitalization of \$20,000 per mile, or \$25,000, and it might be \$50,000 per mile, because the company is not obliged to build the whole of its road. It may only build 1,500 miles, and then, under section 4, it will have a capitalization of \$50,000 per mile. You will have not only capital stock issued to the extent of \$75,000,000, but also bonds to the extent of \$35,000 per mile on the eastern, and \$30,000 per mile on the Quebec section, and \$30,000 per mile on the woodland section, and \$20,000 per mile on the prairie, and \$50,000 per mile on the mountain section. These are matters which will have to be taken into consideration by the government in future when they come

to deal with the question of controlling the rates. I say that the capitalization, including the bonding power under section 13, ought to bear some reasonable proportion to the cost of the road, and I do not think that the capitalization, including in that term the bonding powers, does bear a reasonable proportion to the cost of the road, even as stated by the hon. the Minister of Railways. He pointed out that some portions of the road will be very expensive to build. But the bonding powers are proportionately increased in those portions. In respect of the mountain section, you have a bonding power of \$50,000 per mile. I am taking the prairie section simply as an illustration, because we have some data with regard to the construction of a road in that country, which we have not with regard to other portions. If it be true, as has been stated on the authority of engineers of the Canadian Northern Railway and the Department of Railways and Canals, that you can build and equip a road for \$18,000 per mile in the prairie section, why are you enabling this company to issue bonds to the extent of \$20,000 per mile and also to issue stock to the extent of \$20,000 per mile on that section as well? Does my hon. friend think that when that stock is issued—and it may be issued under an arrangement with the construction company for a very small percentage of its value—does he think that when this stock gets into the hands of bona fide holders, who may have paid from 60 to 100 cents in the dollar for it, and you have bonds to the amount of \$20,000 per mile as well, that will not have some effect on the exercise by the Railway Committee of the Privy Council or the Board of Railway Commissioners of discretion as to what rates are to be charged? It seems to me that powers of that kind are calculated to have a very important influence upon the control of rates in the future; and I, for one, raise my voice in protest against granting to this railway, or any other railway, powers so largely in excess of what the actual cost of the road is supposed to be. I am not raising this point for the first time; I do not select this road to raise it against; I have endeavoured during the past two sessions to raise this question with regard to every railway charter that has come before this House. And I must say