say that, except in the form of issuing the shares with dividends to come, as it were, dividends to accrue, and with the exception of any capital that has been provided by, say, companies like the Brighton Company years ago, by issuing shares at a discount, I think as a rule the interest has been charged against revenue.

45. Of course nobody can object to charging the interest upon unproductive capital against revenue, excepting shareholders themselves?—No, except so far as it may be sound or unsound. I mean that you may have a general public objection which the shareholders might not like. No doubt the shareholders are very fond of taking as much dividend as they can get They have a considerable hunger for dividend—a dividend-hunger; but still the great bulk of the steady investors I think would prefer an equable price of their stock, which means an equable dividend, to the ups and downs which arise from practically manipulating the interest on capital account.

46. Then we come to this: that you may either pay the interest upon unproductive capital out of dividend, as in the case of very strong companies, or you may add, during the period of construction, the interest on unproductive capital, as in the case of weaker companies; but in all other cases you would absolutely prohibit the paying of interest?—I would prohibit paying back capital, certainly in all cases where there is no net revenue. I would prohibit paying back capital in all cases—an actual return of the money, which is practically a fictitious income, just in the same way as if a man bought an estate for £100,000 and began to improve it, and simply paid himself back so much money which he spent in household expenses. Obviously it is an unreal thing.

47. Now, assuming that plan to be carried out, not only in the theory of the Standing Order, but actually in fact and in commercial practice, would not the effect be to give the absolute control of the country to the great railway companies?—No; I do not think so. I think that, wherever the enterprise was really good, money would be found to carry out the enterprise.

48. You think that the effect would be that weak enterprise would be stopped, but that strong enterprise would not be hindered?—I think that the healthy enterprise would be helped, and not crippled by it; and that the only enterprise that would be fostered by paying interest out of capital would be unhealthy enterprise.

49. *Colonel Walrond.*] As far as I understand your evidence, you are in favour of keeping the Standing Order as it is, entirely?—Yes.

50. Supposing that the payment of interest out of capital should be authorized, is there any limit of percentage that you would recommend?—I think it should be the barest possible amount. If I wanted to minimize what I think would be the evil, I should make the interest one not exceeding 3 per cent.; but that would be rather in the tendency of minimizing what I should take to be an evil than anything else.

51. But you limit that payment of interest to the period of construction?—Yes; always assuming that, if it were done at all, I should certainly not allow an interest of more than 3 per cent.; and I should certainly limit that, and severely limit it, so that, if there was any attempt to prolong the period under the guise of non-completion of the works, Parliament and the shareholders would have an opportunity of checking it.

52. Would you limit it to any particular number of years?—The honourable member for Stafford laid down the basis—that is to say, the period of construction; but then, to prevent any playing with that, I should limit that period to a very short number of years indeed: about two years, I think, would be the limit. Of course a great deal would depend upon the nature of the work. For instance, supposing it was the Forth Bridge, if Parliament, in its wisdom, saw fit to permit the North British Company to charge any part of that interest to capital, that would be a case by itself, and would have to take a longer period of years, because it would take longer to construct. If it was a simple line in the country that might be made in twelve months, of course you would take that into account.

53. *Mr. Salt.*] What I understood you to tell me was this: that in each Act of Parliament, where it was necessary to insert such a clause, you would limit the time of payment upon unproductive capital to a fixed term, to cover, as nearly as possible, the period of construction?—Yes.

54. And that period might be two, three, four, or even five years, according to the nature of the work?—Yes; the shorter the better, and the less the amount of interest the better. I should certainly oppose any alteration of the Standing Order, but if anything is to be done it should fit each special case.

55. *Mr. Brand.*] From your experience, would there be any difficulty in the promoters of a new enterprise being able to get money, if they issued capital at a discount, as you suggested in your evidence?—I do not think there would be the smallest difficulty in their getting capital for an enterprise between points A and B, if they represented points of industry.

56. *Mr. Shaw.*] I suppose you are aware of the system in Ireland of guaranteed shares?—Yes; guaranteed by the barony.

57. Do you see any objection to interest being paid on those shares during construction by the barony?—Practically, it must be so. I think that is an entirely exceptional case. My own view about railways in a country like Ireland is, that that is a total exception, and they ought to be the property of the State. They ought to be made in the cheapest way, with the cheapest money, and, therefore, by the State.

58. At the present time they are made in the dearest way, with the dearest money, and by anybody who takes a fancy to make a railway?—By anybody who can scramble through with a railway.

59. And, if interest were payable during construction, the contractor would get money on much easier terms?—I have no doubt where money is lent by the baronies it becomes an exceptional case. I should say that it is quite impossible to treat the case of the extension of Irish railways as on the same four legs as the English or Scottish case; it is a totally different