

way, because the company obtained powers in the subsequent year that enabled it to evade the decision of the House by raising debenture and mortgage stock to attain practically the same result as paying interest out of capital. Why, as a matter of principle, should that privilege be denied to railway companies? It was not denied to numerous other undertakings. It obtained in other countries. The Indian railway companies had a guarantee from the Government for the payment of interest during construction. His honourable friend, speaking as one who represented the great established lines, was very hard on the new undertakings, which required a provision of that kind to induce their stock to be taken up. In some way or other a man who had not got a large sum of money at his bankers upon interest, but had to be enabled to live, must provide something like an annual income; and by an investment of that sort it was very convenient for him that payment of interest should go on during the construction of the line. His honourable friend said he was not now acting in the interest of the widows and orphans, but in that of high financial morality. But there was another explanation of the opposition offered by some of the other opponents of the Bill. Now, he himself happened to be a shareholder of the South-Eastern Railway Company; and in his capacity as a shareholder he had received one circular signed by the secretary of the South-Eastern Company, and in his capacity as a member of Parliament he had received another circular, both of those documents containing statements to the effect that, if the precedent set by this Bill were followed by others of a similar character, the result would be loss and ruin to a vast number of shareholders, without any compensating advantages to travellers or traders, and that therefore he would materially help the directors of the South-Eastern Railway Company, who were assisting to oppose that Bill, if he would kindly write at once to his representatives in Parliament requesting them to oppose the Bill on the second reading. He thought that circular threw a great light upon this opposition. The interest of these great lines was opposed to competition. Were the interests of the country opposed to competition? There had been a great agitation lately in favour of a reduction of railway fares; and the only chance of obtaining that reduction was in the existence of competition, actual or potential. Everything, therefore, that tended to check competition helped the companies in resisting any attempt on the part of the public to gain a reduction. He was more anxious to protect the public than the foolish investor; and he thought that the House would do wisely in passing a Bill of this kind, the proposal of which was a *bona fide* one, and one which involved a large addition to our means of communication.

Sir R. Cross said that the strong and unanimous representation of the Joint Committee of the Lords and Commons ought to have been followed in this case. That Committee, of which he had had the honour to be a member, had recommended that canals should not be allowed to fall into the hands of railway companies. That recommendation, he was sorry to say, had very seldom been acted upon when private Bills had come before the House. This clause having reference to payment of interest out of capital had been in the original Bill, and had been thrown out before the House of Commons. The railway company had tried to get the benefit of the clause, and the House had not allowed them. When asked upon this question before the House of Lords, the Chairman had said that he had no fear about being able to raise money, whether the Standing Order was binding or not. What had been the result? The company had been unable for the last three years to persuade people that this was a good undertaking, and now they wished to be allowed to pay interest out of capital during construction in order to attract investors. He had been glad to hear the honourable baronet take such strong grounds. If they held out inducements to people that they would get 4 per cent., there was a large number of people who did not understand the matter and were misled by the prospectus sent to them. He had been trustee for a great number of poor ladies, and he received many prospectuses of this kind, promising payment at the rate of 4 or 5 per cent. out of capital during construction. Those who were induced to invest in these undertakings, when they expected their incomes to be increased, found they were suddenly diminished, and that what they had received in one pocket had been taken out of another. As a matter of honesty they were bound to protect this class of people, who were so easily induced to invest their money in these undertakings.

Mr. RITCHIE thought that the question whether railway companies should or should not be allowed to take over canals was not the question now before them. He thought that the right honourable gentleman who had just spoken must have a poor idea of investors who were induced by the promise of 4 per cent. during construction to consider an investment a good one which they had previously thought bad. This was a Bill in which great interest was felt in the east end of London—upon two grounds. In the first place, it would connect the docks of the East-end with the great railways, and so prove beneficial to the interests of the east end of London. The second question was one of even greater importance. It had been pointed out to deputations of unemployed during the present distress that the Government could take no steps themselves to give work, but that there were schemes which, if carried out, would lead to work. Here was an undertaking which the House of Commons had declared to be sound, and it was now opposed because it was proposed to pay a small percentage during construction. That had nothing to do with the question whether an undertaking was good or bad—it simply meant that many could not afford to subscribe to an undertaking unless they received some interest in the meantime before the scheme was in operation. This Bill would give legitimate employment to large numbers of the working-classes, and he hoped that the House would pass it.

Sir A. OTWAY said that he did not propose to enter into the merits of the Bill, or to discuss the question of the financial morality of paying interest out of capital during construction. This question was investigated by a Committee, and, after deliberation, the existing Standing Orders were sanctioned. The honourable member for South Durham forgot the protection afforded to the public by those Standing Orders. The Select Committee before whom this Bill would come could refuse its sanction if it thought fit to the payment of interest out of capital. Moreover, a report of the Board of Trade on the case was required, and it was almost impossible for any deception to be