

102. He may have had in his mind the case of the working-men at Hull?—You will have the chairman of the Hull and Barnsley Company before you, who will be able to tell you all about that. The depreciation of the Hull and Barnsley stock, I think, is by no means due to anything but the position into which the company has got by reason of these Chancery proceedings being instituted. It has been a slur, to a certain extent, upon the financial arrangements.

103. *The Chairman.*] Do you think that the operation of the present Standing Order is, to a certain extent, to discourage independent railway enterprise?—Yes.

104. And to keep the railway enterprise of the country in the hands of the large railway companies?—I think so, very much indeed. The large railway companies have, I think, an undue control over the promotion of large railway schemes, and they have that control in a way that lies below the surface somewhat. I suppose that fully one-third of the whole of England has been mapped out between the railway companies, and is the subject of what are called territorial agreements between them. Those territorial agreements mean that no one party to the agreement can in any way, financial or otherwise, assist an independent company to come and construct a line in the district without the consent of the other parties to the agreement.

105. Do you think that these agreements are not for the benefit of the public?—I know many cases where they are not for the benefit of the public.

106. Do you think that the alteration of this Standing Order would in that respect be beneficial to the public at large?—I think, to some extent, it would be a set-off against the power and the control exercised by the railway companies by virtue of these territorial agreements; and I certainly think that some relief is required in that direction.

107. There are men connected with the companies who take your view, are there not?—Yes.

108. The large railway companies are not absolutely unanimous in supporting the Order as it stands?—I do not know how far they are unanimous or not in that; I have had no communication with them upon the subject. They act through an association which, I take it, has been represented by Sir Edward Watkin to-day; and I suppose he speaks for the body at large.

109. Have you any additional statement to make to the Committee?—I should like to point out what I think is not unimportant; and I see, by looking at the shorthand notes, that it is a point which was mentioned by Mr. Farrer, of the Board of Trade, at the interview between the railway deputation and the President of the Board. It is this: that in 1847 Parliament exercised a control over, you may say, the capital of all public enterprises and restrained them within strict rules, but in 1862 the Companies Act, the general Act, passed under which companies of limited liability have been established; and there the principle was embodied of allowing shareholders to deal as they pleased with their own finances; there is no restriction whatever upon them. And that leads to a somewhat curious anomaly. Take the case, not of a railway, but of a tramway. A tramway company comes to Parliament with a private Bill; it might probably have this Order put upon it; at all events, it would be under the operation of the Companies Clauses Act, which prevents the application of share capital, if not of borrowed money, in payment of interest. Now, the tramway company, instead of coming for a private Bill, may, if it pleases, register itself under the Companies Act of 1862, and come to the Board of Trade for a provisional order. That provisional order must still be confirmed by Parliament, and therefore Parliament ultimately sanctions the undertaking in the one case as in the other; but in the case of a limited-liability company coming for a provisional order they can pay interest out of capital during construction, or do anything they choose; and yet a tramway company coming for a special Act of Parliament is put under special terms as to the mode in which the capital is issued. That appears to me to be an anomaly: I can see no reason why it should be allowed in the case of a company registered under the Act of 1862, and not in the case of a company having exactly the same powers, but obtained by a special Act. And the same thing applies theoretically, though perhaps not practically, in the case of railways; for in 1860 an Act was passed called the Railway Construction Facilities Act; it has not been of much practical use, because it involves previously purchasing all the land, and so forth—there have been one or two cases, I believe, under it; but, in that case, the company might register themselves under the Act of 1862, provide in their articles of association for the payment of interest out of capital during construction, come under the Railway Construction Facilities Act, and obtain a certificate of the Board of Trade, which does not require the confirmation of Parliament, but only to be laid on the table of the House for a certain time. Therefore in that case again payment of interest out of capital seems to be permissible to a railway company. Then, I must also point out that by the very passing of the Act of 1867, which in the case of additional capital authorizes the issue of shares at a discount, the principle virtually is conceded. Sir Edward Watkin said, and, I think, perfectly truly, that that is only another name for doing the same thing. It comes to the same thing whether you create a capital of £50,000, and make it up to £60,000 by additions of interest in the course of years; or whether you start with an original capital of £60,000, and issue it at a discount of £10,000 for £50,000. It is virtually the same thing. That is especially conceded by Parliament in the most pointed way; for, having forbidden it in 1863, they repealed the prohibition in express terms in 1867.

110. Of course the modification of the rule which has been suggested by Sir Edward Watkin does not meet your view at all?—I understood Sir Edward Watkin to suggest a limit of three years, and a limit of 3 per cent. I do not think that would be an effectual relief.

111. But is any modification of the Standing Order in favour of the existing companies practically in operation?—I do not of course agree in the slightest degree with Sir Edward Watkin in thinking it would be right to limit the operation of any new Standing Order to existing companies earning revenues: that would only increase the almost monopoly which they now have, and very much aggravate what is now a great evil.

112. You believe that that modification would rather aggravate matters?—Yes.

113. You would rather have the Standing Order still as it is, than have that modification of