

disposed to question the soundness as a matter of principle of the prohibition of the payment of interest out of capital; but it ought not to be forgotten that such payment had been absolutely necessary in some cases. The Great Northern Railway Company, for example, was empowered during a term of seven years to pay 5 per cent. interest on capital, and but for that permission that great and important line would probably have never been constructed. The most serious objection to his proposal was that bogus companies might abuse the power. But he thought he had provided sufficient safeguards against that. His honourable friend the member for the County of Durham (Sir A. Pease) had raised his voice on behalf of clergymen, widows, and orphans who might be deluded into putting their scanty savings into unsound undertakings. But he did not know that it was the duty of the House to protect such persons from their own imprudence; and he had provided security against the abuse of the privilege. There were some members in the House who appeared to think it their duty on all occasions to oppose railway companies and railway directors as if they were malefactors. He had no sympathy with such persons; but care had been taken to protect the interests of the public at large by the limitations which he proposed to place on the power proposed to be conferred. The right honourable gentleman concluded by moving his amendment.

Sir J. PEASE, in rising to move, as an amendment to the motion of the Chairman of Ways and Means, that it was inexpedient to alter the Standing Order in the way proposed until both the English and Scotch Companies Clauses Consolidation Acts of 1845 had been amended, said that he did not think that the proposed change in the Standing Order would operate in the interest of either the railway companies or the community at large. If railway companies were to be allowed to pay interest out of capital during the construction of their works, the same latitude would have to be allowed to limited companies of all kinds. In the debate that had taken place on this subject in 1864 Mr. Beckett Denison, Mr. Ricardo, Mr. Hume, and Sir Charles Wood strongly objected to the principle of the proposed change, on the ground that it would deceive the public as to the speculative character of the undertakings, and would operate as a fraud upon the Legislature. The object in view at that time was to guard as much as possible, not against legitimate enterprises, but against bubble companies and rash speculations. His experience in regard to railways had been considerable; and the one with which he was most connected was made upon the most wholesome of all principles—it was made principally by the men who required to use it, and a large proportion of whom were on the board—and it had turned out to be a railway which paid remarkably well. But he must confess that there was a class of railways which did a great deal of damage to the commercial interests of this country—those got up by contractors and speculators, which came to nothing, or came to grief, or were absorbed by the large railway companies to the detriment of the traffic-senders. They were told that, because some railway speculators had broken through their rules, therefore the House should alter the Standing Orders; but, in the last ten or twelve years, this related to a comparatively small amount of the entire capital spent by the railway world. It was altogether a bad doctrine to lay down, that, because the Standing Orders of the House had been infringed by a few persons, therefore the House should modify them. As well might they say that, because there were many pickpockets that were not caught and put into Newgate, therefore they should give up the laws against them, and let those out that were in gaol. Was there equity in their Standing Orders or not? If there was, let them be upheld. A few figures would prove that the effect of the existing Orders was not to stop enterprise. In 1847 the railway mileage in this country was 5,640 miles; in 1882 it was 18,180 miles. In 1847 the capital in railways was £196,000,000; and in 1882 it was £750,000,000. Upwards of £200,000,000 had been invested in spite of this Standing Order in the railways of the United Kingdom. Three years ago persons brought up this fallacy of paying interest out of capital, and subsequently, as a consequence, schemes involving £4,000,000 were proposed; in 1882 ten schemes were brought out, involving about £29,000,000; and in 1883, when his right honourable friend near him had taken up the question, forty-six schemes were brought before the House, involving seventy-eight millions of money; and he feared that, if the course proposed was adopted, there would be a great danger of bringing back that reckless expenditure which his right honourable friend would be the first to deprecate, and which the House would do wrong to encourage. Tracing the action in this matter to the course that had been taken by the Hull and Barnsley Company, he said that, if this company had made a mistake in issuing their prospectus—as they had done—against the Standing Orders, they should have acknowledged it to the House, and sought a remedy in a proper and reasonable manner. To that he should certainly have had no objection; but it was too much to ask the House to alter or modify its Standing Orders in order to meet their difficulty. If the right honourable gentleman had proposed the repeal of the Standing Orders on free-trade principles he could have understood his position; there would then have been the logical argument that all people should be left to take care of themselves. But, as a matter of fact, that House did not allow people to do so: by many laws the House prevented it, and took care of them as best they could. The honourable member then urged that the proposed modification of the Standing Order would give no additional safeguard to those interested, and on that ground also he opposed the resolution. He begged to point out that they were beginning again with what had already fallen through—namely, subscription contracts. He had himself signed many such contracts. But subscription contracts had proved so delusive that they had to be abandoned; and now the Chairman of Ways and Means proposed that they should go back to them again. Surely the Committees of that House had enough of responsibility upon their shoulders in passing those Railway Bills without imposing on them the additional responsibility of saying how much interest the railway companies would be able to pay. Again, he would ask, was it worth while, for the sake of doing so little, to require so much from the Board of Trade and the Committees of that House? Clergymen and small shopkeepers were the people who took those shares, and among them could not be found a single person who knew anything about the merits of the case. What he wanted to show was that by doing what was now proposed they would draw in the very class of