payment of interest out of capital had been allowed. There was no doubt that at the present moment there were a number of railway companies which desired to have that power; and those engaged in the management of the business of the House of Commons reported in favour of the change. Certain conditions and restrictions, however, were proposed. In the first place, the interest to be allowed was not to be more than 4 per cent. There were several instances in which interest had, properly or improperly, been paid at a higher rate than was allowed by this Order. The next portion of the Order was that interest be not allowed to begin until the railway company had obtained a certificate of the Board of Trade to the effect that two-thirds at least of the share capital authorized by the Bill, in respect whereof interest might be paid, had been actually issued and accepted. Another regulation was that interest be allowed to be paid only until the expiration of the time allowed by the Bill for the completion of the railway, or until the half-yearly dividend day next after the opening of the railway for public traffic, whichever should first happen, or for such less period as the Committee thought fit. That was also a very important condition, intended to secure that the scheme was *bonâ fide*. It was also provided that interest should not accrue in favour of any shareholder for any time during which his calls were in arrear. That was also a very proper arrangement. The next regulation was that the aggregate amount to be so paid for interest be estimated and stated in the Bill, and that a specific amount of the capital be appropriated by the Bill for that purpose, and that no capital in excess of that amount be so applied, and that such appropriated capital be not deemed capital within Standing Order 112. It was also provided that if any part of the capital specifically appropriated for the payment of interest should not be required and applied for that purpose, the same might be applied for the general purposes of the company; that notice of the company having power so to pay interest be given in every prospectus, advertisement, or other document of the company, and of any promoter, director, or agent of the company, inviting subscriptions for shares, and in every certificate of shares; and that every such prospectus, advertisement, or other document should distinguish and state in clear terms the amount of capital specifically appropriated for the payment of interest; that the half-yearly accounts of the company should show the amount on which, and the rate at which, interest had been paid; and the company be authorized by the Bill to pay interest accordingly, but not further or otherwise. He was extremely anxious that their Lordships should give a fair and impartial consideration to these proposals, and either assent to them or reject them. It was the decision of the House of Commons which induced him to bring the matter forward; and, as he had already stated, if it had not been so decided by the House of Commons, he would not have troubled their Lordships with the subject at that period of the session. It was a grave question for the consideration of their Lordships' House whether they adopted the proposals or not. He hoped noble Lords would consider what was urged on both sides, and would decide according to what they thought just and best. The amendment of his noble friend (Lord Auckland) was to the effect that it was not desirable to alter Standing Order 128, or to substitute for it a new Standing Order, until a Bill had been passed to amend "The Companies Clauses Consolidation Act, 1845," and "The Companies Clauses Consolidation (Scotland) Act, 1845," so far as these Acts related to the payment of interest out of capital by railway or other companies. It was altogether a matter for their Lordships to consider; and what he desired was to have their Lordships' opinion upon this Order, which had passed the House of Commons in a very well-attended House.

Lord AUCKLAND observed that the Standing Order had been in existence for the last thirty years, and had worked well in checking the reckless railway speculation which had formerly done so much harm. He held that a sweeping change like that which was now proposed ought not to be made by a mere resolution; and he therefore moved, as an amendment, That it is not desirable to alter Standing Order 128, or to substitute for Standing Order 128 a new Standing Order, until a Bill has been passed to amend "The Companies Clauses Consolidation Act, 1845," and "The Companies Clauses Consolidation (Scotland) Act, 1845," so far as these Acts relate to the payment of interest out of capital by railway or other companies.

Earl CAIRNS said that the question was of the utmost importance to all who were concerned in railway enterprise, and he regretted that it had come before the notice of the House in its present form. It was felt last year that this Standing Order would have to be reconsidered, and in March, fifteen months ago, a Select Committee of the other House was appointed to take evidence on the subject. That Committee reported in favour of the general principle on which Parliament had hitherto acted, but held that exceptions might very well be made in particular cases, and that the alteration, if made at all, should be made by an Act of Parliament, and not by a new Standing Order. As far as the other House was concerned, there appeared to be a disposition to alter the law, and several new undertakings were launched during the recess on the faith of the proposed alteration. This year the judgment of both Houses ought to have been taken as soon as possible, and a good way of doing that would have been to appoint a Joint Committee; but nothing whatever was done till the other day, when this important question was disposed of as private business at a Wednesday sitting. It was much to be regretted that the subject had now to be considered at a comparatively late period of the session. With regard to the main question, he might observe that there was much to be said on both sides. The practice of allowing interest to be paid out of capital during construction was, no doubt, very apt to mislead the unwary, who bought shares without looking much below the surface of the investment; but, on the other hand, the position of all the great railway companies had to be taken into account. They had the power of issuing capital at a discount; and if £100 stock were issued, say, at £80, it was much the same thing as issuing the stock at par on the understanding that interest should be paid out of capital for five years at 4 per cent., seeing that in either case the proprietor would have paid no more than £80. If new companies could neither issue shares at a discount nor pay interest out of capital, they could not be placed on the same footing as the old companies. It had sometimes been said that if railway companies were allowed to pay interest out of capital the same permission must be extended to other