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simple matter it seems to be when clearly explained. The 50,000 tons of steel rails bought for the Pacific Railway, as we all know, were not all wanted for that road at once, and it was put to capital account. The money was paid, and of course went at once into the Public Accounts. So far as the cash is concerned, no wrong is alleged. The statement of the hon. Senator does not affect the money in the least, or the accuracy of the Public Accounts ; only, he alleges, it affects the balance of last year of Revenue and Expenditure. An account was opened in the ledger for this iron, and it was stored at certain places. As fast as portions of it were applied to any service, the value was deducted from the capital account and charged to the special service to which the iron went. In regard to the Intercolonial Railway it was determined—and I fancy we will all admit wisely determined—as soon as possible to take up the iron rails and put steel rails down. We all know the saving effected by substituting steel rails for iron ones—and it was determined by the present Administration from the very moment they came in, that the Intercolonial Railway should be re-steeled, not all at once, but that in the places most worn the track should be renewed to the extent of \$200,000 every year. That went on. In the year ending 30th June, 1873, the re-laying was carried out to the value of \$80,522—and this amount was duly credited to the Pacific Railway iron account and charged to the Intercolonial Railway. In 1874 \$216,538 of steel rails were thus obtained and re-laid on the Intercolonial track ; in 1875, \$292,382 ; and in 1876, \$215,289. In 1877, as I understand it, it was supposed desirable that there should be a larger quantity used than had been done before. It was thought very desirable that some parts of the road should be relaid at once ; and the question came up, should they adhere to the system of charging the Intercolonial at the rate of \$200,000 a year, or charge the whole \$543,000 of iron that was wanted in one year against the road. The former course was decided upon. Now, this decision of the Department may have been right, or it may have been wrong ; that is certainly a matter of opinion ; for my own part I think it was the reasonable course to take. When the Intercolonial Railway accounts are published abroad it is not desirable that the cost of maintaining it should appear any more unfavourable than the facts justly demand. It is well known that the Great Western Railway Co. charge three guineas per ton to capital account for every steel rail they put upon the track. We know, too, the Grand Trunk Company charge the whole of the steel re-laying to capital account ; and there is an Act of this Legislature declaring that this shall be so. That Act was passed by the House of Commons and by this House—and the hon. gentleman himself voted for it.

MR. MACPHERSON—Does that Act apply to the Intercolonial Railway ?

MR. BROWN—No—of course not—but I am showing that what was done as to the Intercolonial was a reasonable thing to do. This side of the House, in discussions that have taken place on this question, differed from the late Government, who agreed with the Grand Trunk Railway, and held that the re-laying of steel rails on Government roads should be charged to capital account. This side of the House did not hold that ; and what has been done on the Intercolonial was a mere compromise between the two plans. Had the system been carried out on the Intercolonial as contended for by hon. gentlemen