

stock, and \$952,528, "Award of arbitrators in connection with Eastern Extension Railway." Other items were for increased accommodation at different points, as Halifax, St. John, Pictou, Sydney, etc., etc.

The building of the Intercolonial was made incumbent on the Government and Parliament of Canada by the Union Act of 1867, which ordained that, "within six months after the Union (known as Confederation) a railway must be constructed connecting the river St. Lawrence with the City of Halifax." In 1876 the whole line was opened. In 1879 the Riviere au Loup branch was purchased for \$1,500,000; in 1884 the Eastern Extension was acquired at a cost of \$1,284,311. In after years other branches were constructed or purchased. The road touches 6 Atlantic ports, Pointe du Chene, Pictou, St. John, Halifax, Sydney and North Sydney. It has been hotly debated ever since the line was opened, whether it was run at a loss or gain, and if either to what extent. The gross earnings in 1902 were stated to be \$5,671,385 and expenses, \$5,574,563, leaving the net earnings as \$96,822 on a capital of \$63,640,000. The line was built at an exceptionally heavy cost because it was run, for strategic reasons, on a round-about course to avoid the American boundary. The new line proposed between Quebec and Moncton will, if built, be quite near the frontier in some parts, and, speaking broadly, will pass midway between the present Intercolonial and the United States boundary.

The Western terminus of this permanent road originally and up to 1900, was Lewis, that is Quebec, but the Hon. Mr. Blair caused an extension to be made to Montreal, by means of leases obtained from the Grand Trunk and Drummond County Railway Companies, which added 160.81 miles to the road, its length now being 1,314 miles. The lease of the Grand Trunk extends 99 years from 1898 at a yearly rental of \$140,000.

The following shows the earnings and expenditure of the Intercolonial from 1868 to 1902:

	Working expenses.	Gross earnings.	Profit.	Loss.
1868 to 1876....	7,781,587	5,872,194	.....	1,909,393
1877.....	1,561,673	1,154,445	.....	507,228
1878.....	1,816,273	1,378,946	.....	437,327
1879.....	2,010,183	1,294,009	.....	716,174
1880.....	1,603,429	1,506,298	.....	97,131
1881.....	1,759,851	1,760,393	542	.....
1882.....	2,069,657	2,079,262	9,605	.....
1883.....	2,360,373	2,370,910	10,537	.....
1884.....	2,377,433	2,384,414	6,981	.....
1885.....	2,519,751	2,441,203	.....	78,548
1886.....	2,583,999	2,450,093	.....	133,906
1887.....	2,922,369	2,660,116	.....	262,253
1888.....	3,366,781	2,983,336	.....	383,445
1889.....	3,244,647	2,967,801	.....	276,846
1890.....	3,560,575	3,012,739	.....	547,836
1891.....	3,662,341	2,977,395	.....	684,966
1892.....	3,439,377	2,945,441	.....	493,936
1893.....	3,045,317	3,065,499	20,182	.....
1894.....	2,981,671	2,987,510	5,839	.....
1895.....	2,936,962	2,940,717	3,615	.....
1896.....	3,012,827	2,957,640	.....	55,187
1897.....	2,925,968	2,866,028	.....	59,940
1898.....	3,327,648	3,117,669	.....	209,979
1899.....	3,675,686	3,738,331	62,645	.....
1900.....	4,431,404	4,552,071	120,667	.....
1901.....	5,460,422	4,972,235	.....	488,187
1902.....	5,574,563	5,671,385	96,822	.....
Totals.....	\$6,112,707	\$79,108,980	\$337,635	\$7,342,262
Excess of loss from 1868 to 1902.....				\$7,004,627

The record compiled from official sources, shows that, from the time of its being initiated up to 1902, the Intercolonial Railway was operated at a loss of \$7,004,627, that is, the working expenses exceeded the earnings by that sum. This, however, does not take any account of the annual payments made by the Government for interest on the capital borrowed to construct, equip, extend and improve the railway. Were those payments taken into account, as well as the loss on working, it is probable that the Intercolonial would turn out to have cost the country not far short of double what is represented by its capital account.

PRINCE EDWARD ISLAND RAILWAY.

Prince Edward Island Railway extends 209 miles. The total cost of the road and equipment chargeable to capital account up to 1902 was \$4,599,825. The gross earnings in last fiscal year were \$197,999 and the working expenses \$270,159, in previous year the earnings were \$193,883, and expenses, \$261,766, the excess of expenses being severally \$67,883, and \$72,160.

RESULT OF GOVERNMENT RAILWAY OPERATIONS.

The following table gives the amount expended on Government railways in Canada for construction and equipment, also the receipts from traffic and the working expenses, since Confederation:

Year.	Construction, etc.	Revenue.	Expense.
	\$	\$	\$
1868 to 1898.....	46,556,099	64,144,390	72,612,589
1899.....	1,103,930	3,94,0570	3,696,612
1900.....	3,308,894	4,774,162	4,665,228
1901.....	3,914,010	5,213,381	5,739,052
1902.....	5,429,913	5,918,990	5,861,099
Totals.....	\$60,312,846	\$83,991,493	\$92,574,580
Excess of working expenses over revenue of Government railways since Confederation.....			\$8,583,087

Against this unsatisfactory financial record there must be placed the very great, the incalculable advantages which Canada has derived from a line of communication having been established that brought and continues to bring the Maritimes Provinces into closer, more direct connection with the Quebec and Ontario, as well as the newer parts in Canada in the North-west. The Intercolonial was part of the cost of Confederation. In this aspect it was and still remains a necessity for the unity of the Dominion, as well as for the development and maintenance of Canada's internal trade. Had the negotiations failed for bringing the provinces of Quebec and Ontario into organic, political unity with the Maritime Provinces, as they would have failed had an agreement to build the Intercolonial not have been ratified by the representatives of Quebec and Ontario, there is every certainty that Nova Scotia and New Brunswick would have soon become annexed to the United States.

In surveying then the cost of the Intercolonial in construction and working, other considerations must be weighed than those of a merely financial nature.