

revenue. If a wooden structure be taken out and be replaced by permanent work in the shape of steel or masonry, or embankment, the charge is against capital. If a steel structure is replaced by a heavier and stronger one, the difference in weight only would be charged to capital.

Precisely as has been done on the Inter-colonial Railway.

9 and 10. Additional sidings and the lengthening of existing sidings to meet new conditions are, as a rule, charged to capital account.

11. Excepting where the work is done by regular section forces, the improvement of the line by reduction of grades and curvature is deemed to be a proper charge against capital.

Yours very truly,

(Sgd.) T. G. SHAUGHNESSY,
President.

Now, Mr. Speaker, there is a letter justifying the course that has been pursued, and is now being pursued, in relation to the capital expenses made on the Intercolonial Railway.

Mr. BARKER. Has the hon. gentleman any objection to reading the letter to which that is a reply?

Mr. EMMERSON. I have not the letter to which that is a reply, let me say that emphatically. But it was an inquiry made of Mr. Shaughnessy as to the principle which guided the Canadian Pacific Railway in connection with the capital expenses on that railway. The letter I have read certainly speaks for itself. It is not ambiguous, because the letter which called it forth as an answer—

Mr. BARKER. But why not read that letter?

Mr. EMMERSON. I say I have not got it, and I am stating what is was. It was an inquiry made in connection with a dispute which was arising between the Grand Trunk Railway, I think it was, and the Intercolonial Railway; and it was with a view to learn from Mr. Shaughnessy what would be the character of his evidence on any question at issue between those railways as to the capital expenses, or as to expenses made in connection with the betterment of the Intercolonial, or of that portion of the Intercolonial that is owned by the Grand Trunk, and the rights on which are granted by an agreement between the Grand Trunk and the government of Canada in connection with the extension of the Intercolonial from Lévis to Montreal. Now, Sir, it is well known that the Canadian Pacific Railway propose during the current year to increase their stock by the issue of \$40,000,000 of new stock. If the style of reasoning adopted by the Montreal 'Gazette' in the article which I have read to the House with regard to the Intercolonial, were applied in this instance, the question of dividends by the Canadian Pacific Railway would be disposed of for several years to come. We have heard a

Mr. EMMERSON.

great cry during every session of recent parliaments with respect to the items included in the capital expenses of the Intercolonial, and it has been insisted over and over again on the floor of this House that the Intercolonial was pursuing a policy that was against the interests of the people of Canada in making these charges against capital account, and that it was acting at variance with the well understood principles which govern railway companies in making these capital expenses. Sir, I have not under my hand at the moment, but I think I will have before this session is closed, the indisputable evidence that the course pursued by the Intercolonial is the one that has been adopted and is followed by every railway system in the United States. Certainly, as a precedent for the course which we have pursued we have the Canadian Pacific Railway, and if the principle which the Montreal 'Gazette' would seek to apply to the Intercolonial had been applied to the Canadian Pacific Railway in years gone by, if it had been applied from the time the Canadian Pacific Railway started out on its career of usefulness and prosperity, the stock of the Canadian Pacific Railway would not be where it is to-day, upwards of 170, the stock of the Canadian Pacific Railway would not have been where it has been during recent years. Because if these capital expenses had been taken out of revenue, as the hon. gentlemen of the opposition ask the administrators of the Intercolonial to do, there would not have been earnings, there would not have been a fund to pay dividends, and we all recognize the fact that where there are no dividends there are no premiums on the stock.

Now, Sir, I desire briefly to invite the attention of the House and the country to what the Intercolonial Railway has cost, and to show the object of its construction; I invite the attention of the House to what in my judgment has been the success that has attended the Intercolonial in fulfilling the object for which it was built. I am sure that I shall not be considered as travelling far out of the way when I start at what I consider the inception of the Intercolonial. I consider that the Intercolonial had its birth at the conference in Charlottetown, on September 8, 1864. It will be borne in mind that there had been discussion in every province of British North America during the preceding months—yes during the preceding years—as to the destiny of these provinces. There had been an agitation here in what are now the provinces of Ontario and Quebec; the public men of these provinces had been discussing the prospects for the future and the possible means of removing the difficulties that seemed then to trouble them. As to the maritime provinces, without recounting the steps that had been taken or the correspondence that had passed between the provinces, I will simply say that the representatives of the people there had met in con-