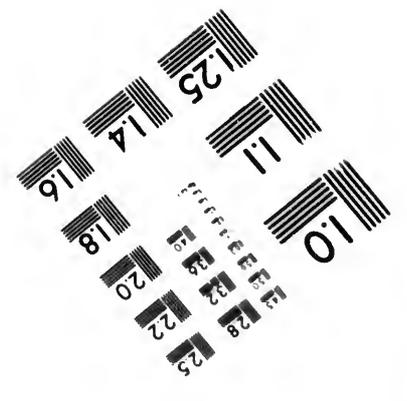
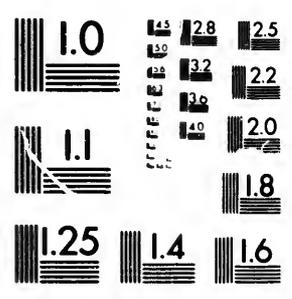


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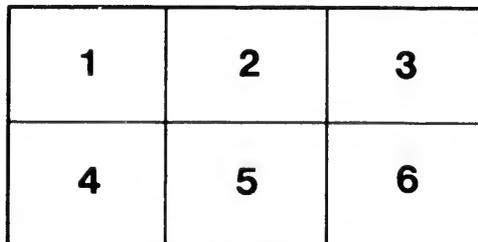
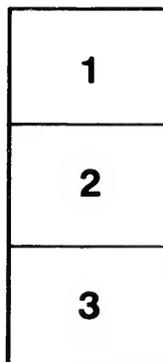
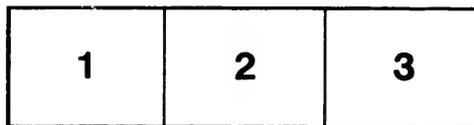
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No. 5.

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Consumption of Coal—An Evidence of Canadian Progress.

Coal furnishes the great motive power for the trade, commerce and manufactures of the country.

The increased consumption of this commodity furnishes convincing testimony of Canada's great progress under Liberal Conservative administration since 1878.

The coal sales in Nova Scotia from 1873, to 1894 were as follows :

Year.	Sales in Short Tons of 2,000 Lbs.		
	Total.	To Neighbouring Provinces.	To Other Countries
1873.....	984,839	378,494	367,174
1874.....	889,022	379,494	218,856
1875.....	791,610	427,516	125,948
1876.....	710,812	355,984	161,591
1877.....	769,513	329,781	153,247
1878.....	776,782	340,175	122,821
1879.....	771,259	382,350	77,407
1880.....	1,069,218	507,697	166,258
1881.....	1,159,216	564,078	166,835
1882.....	1,400,200	745,453	139,721
1883.....	1,458,126	770,684	154,056
1884.....	1,413,048	774,825	85,097
1885.....	1,405,151	862,000	45,041
1886.....	1,538,506	935,563	87,478
1887.....	1,702,046	1,086,441	89,806
1888.....	1,705,994	1,156,938	37,813
1889.....	1,741,720	1,085,087	30,458
1890.....	2,000,444	1,264,013	62,241
1891.....	2,071,968	1,322,374	33,051
1892.....	1,963,286	1,245,604	18,740
1893 (9 mos.).....	1,661,225	1,121,841	18,811
1894.....	2,292,111	1,411,983	97,619

COAL FOR HOME CONSUMPTION.

	1879.	1887	1894.
	Tons.	Tons.	Tons.
Produced in Nova Scotia & British Columbia	752,859	1,757,694	2,602,772
Coal and coke imported into Can.	979,822	2,296,466	3,050,468
Total.....	1,732,681	4,054,162	5,653,240

Thus in twenty-two years the total sales have increased 129 per cent; the amount consumed within the province has increased 212 per cent; and the purchases of neighboring provinces have increased nearly 274 per cent, indicating the growth of manufacturing in the province of Nova Scotia, and in other provinces which draw their supply from the Nova Scotia coal field.

During the same period of twenty-two years the sales to countries outside of Canada have fallen off from 37 per cent of the whole in 1873 to less than 5 per cent of the whole in 1894, thus establishing beyond controversy the necessity of protecting the home market for the Nova Scotia coal industry.

The duty on bituminous coals coming into Canada is 60 cents per ton.

Iron Industries of Canada.

The development and protection of industries are ordinarily, on the part of every nation, a matter of the greatest concern.

Our people occupying a widely extended and sparsely settled country fully recognize their inability to compete, single handed, in manufacturing industries with those of the old world, possessed in an ample measure of capital, processes, experience and labor.

The history of Free Trade in the United States well illustrates the uncertainty and dangers to which industries in a new country are at all times exposed.

The country should now fully understand the difference between a tariff for the protection of home industry and a tariff for revenue only.

The manufacturer and the farmer know that they cannot sell their products as profitably under a revenue tariff as under a protective tariff, and no skilled or unskilled workingman is ignorant of the fact that a protective policy yields him higher wages and more steady employment than a purely revenue policy.

The production of coal in Nova Scotia and British Columbia from 1874 to 1895, was

Year.	Nova Scotia. Tons.	British Columbia. Tons.	Total Tons.
1874.....	977,448	81,000	1,058,448
1875.....	874,906	130,000	1,004,906
1876.....	794,808	139,000	933,808
1877.....	848,895	154,000	1,002,895
1878.....	863,081	171,000	1,034,081
1879.....	882,868	241,000	1,123,868
1880.....	1,159,685	266,000	1,424,685
1881.....	1,259,182	228,000	1,487,182
1882.....	1,529,708	282,000	1,811,708
1883.....	1,569,259	213,000	1,782,259
1884.....	1,556,010	394,070	1,950,080
1885.....	1,514,470	365,000	1,879,470
1886.....	1,682,924	326,686	2,009,610
1887.....	1,371,538	418,360	1,789,898
1888.....	1,969,203	548,017	2,517,220
1889.....	1,867,632	649,409	2,517,041
1890.....	2,222,081	759,517	2,981,598
1891.....	2,290,153	1,352,583	3,642,736
1892.....	2,175,913	925,495	3,101,408
1893.....	2,223,042	1,095,689	3,318,731
1894.....	2,464,263	1,134,507	3,598,770
Total.....	52,736,771	9,651,288	62,388,059

There seems to be little doubt of the world's capacity now to produce more food, clothing, iron and steel and other articles of necessity than the world can consume.

Hence the greater necessity for Canada guarding her home market in order to provide diversified employment for her own people.

In 1740 the production of pig iron in Great Britain was only 17,350 tons and as late as 1788 it was only 68,300 tons.

The onward march of the iron industry of Great Britain, which began near the end of the last century, has until recently left far in the rear the iron industry of every other country.

Other countries which have adopted a protective policy, not only successfully contend with her for the supply of their own iron markets, but they are with equal success invading neutral markets, which she has heretofore monopolized, and are even formidably confronting her in her own home market.

Great Britain was the largest producer of pig iron in the world until

1890, when its place was taken by the United States.

The United States took the lead in 1884 in the production of Bessemer steel ingots, and this position she has ever since retained. But Great Britain still produces more open hearth steel than the United States, although in the production of all kinds of steel the United States has been uniformly in advance of its rival since 1890.

Germany has rapidly developed all her industries since the adoption in 1879 under the leadership of Prince Bismarck of a protective tariff which is still in force.

The iron industry has perhaps greater claims to the good will and support of the people of Canada than any other of the great industries of the country, because the raw material used is almost wholly Canadian, the product of Canadian labour. It is eminently an industry for which nature has fitted the country, and it is therefore well that it should be encouraged and developed, because it will afford a greater amount of employment to labour for the money invested than any other industry that the country is fitted to sustain.

Barred out, as the Canadian iron manufacturers are, from the American market by the customs tariff of that country, and handicapped as all iron industries are in infancy, when a very heavy initial expenditure has to be made in construction of plant, prospecting, securing and development of mines, wood, land, quarries, shipping, docks, etc., it is imperative that the Government of the country should give stability to the protective tariff and thus give confidence to capitalists. Statistics prove that the present protection and bounty granted by the Government of Canada, if well maintained, will result in the development of the Canadian iron industry, but the history of the work done in the United States as well as the past history of England, proves that the encouragement granted is not by any means too

much for the earlier years of the work.

THE IMPORTANCE OF MAINTAINING AND STRENGTHENING THIS INDUSTRY IS APPARENT IN THE BOUNTY OF \$1 PER TON ON PIG IRON MADE FROM ORE MINED IN ONTARIO, WHICH HAS BEEN GRANTED BY THE LIBERAL GOVERNMENT OF THAT PROVINCE IN ADDITION TO THE PROTECTION PROVIDED BY THE DOMINION GOVERNMENT.

The leaders of the Liberal party in the Dominion Parliament do not appreciate the iron trade as they should, nor deal with it in a broad and statesmanlike way, and they have shown this by the repeated attacks that the leaders, notably the Hon. Wilfred Laurier, have made upon the pig iron industry of Canada.

In several of his speeches Mr. Laurier has stated that the Canadian iron furnace-men enjoy a protection aside from the bounty, equivalent to an ad valorem duty of from 40 to 60 per cent. He entirely overlooks the fact that there is iron and iron, and that to arrive at a fair average of the duty he will have to take into account the fact that Canadian founders use not only Northern coke iron, but also higher priced southern coke iron as well as Scotch coke and American coal pig iron.

The importations of pig iron for the year ending 30th June, 1895 were 33,944 net tons, value \$370,574, being \$12.13 per ton of 2,240 lbs. at the furnace, to which add an average freight rate of \$4 per ton to any point in Canada, from the furnace in Scotland or the United States to point of destination, and it brings the average cost per ton to \$16.13. The specific duty on this at \$4 per net ton is equivalent to a protection of about 27 $\frac{3}{4}$ per cent. The period of protection by high Customs duties extended in Great Britain from 1787 to 1860, giving to the iron industry protection of a permanent character for upwards of 73 years.

Under the operation of the bounty given by the Federal Parliament the production of pig iron has increased

from 20,153 tons in 1891 to 62,522 tons in 1894.

The following table gives (1st) the production in Canada of pig iron; (2nd), the importation of pig iron, kettledge, scrap iron and steel for consumption in home manufactures and (3rd) the combined total with (4th) the per cent- age of pig iron produced, out of the total home consumption.

Year.	Tons Home production.	Tons Imports of Pig Iron Scrap Iron, Etc.,	Tons Total Home consumption.	Percentage of Home production to total consumption.
1891.....	20,153	81,317	101,470	19.8
1892.....	30,254	65,915	96,169	30.5
1893.....	46,948	107,842	154,790	40.9
1894.....	62,522	75,275	137,797	45.4

If pig iron alone is taken the impor- tation for 1894 was 45,282 tons. The home manufactured pig iron thus ex- ceeds the imported by 17,240 tons. The value of pig iron produced in 1893- 4 was \$965,968, and when it is con- sidered that almost nine tenths of this has been paid out for labor to Canadian workmen the value of the industry will perhaps be better appreciated. One establishment in Nova Scotia alone; the steel works, during the seven years ending in 1893 smelted 130,000 tons pig iron and scrap, consumed 240,000 tons coal, paid out in wages

\$1,069,180 and supplied 25,000 car loads of traffic to Canadian railways, the freight of which amounted to about \$350,000. It paid for materials largely purchased in Canada \$2,080,000.

IRON DUTIES AND THEIR EFFECTS.

The iron industry of the United States developed under a protective policy is outstripping that of Great Britain. Statistics show a great falling off in the imports of pig iron to Canada from Great Britain as compared with the United States. The re- turns for the year ending June 30th, 1895, show importations of 33,994 net tons, of which only 6,346 tons came from Great Britain while 27,550 tons are credited to the United States.

The Canadian tariff on iron is a moderate one compared with that of modern nations that have achieved the greatest progress in this industry. It is only since 1887 that any consider- able measure of protection has been given to Canadian iron manufacture yet the tariff of the United States after a continuous high protection for more than a generation is on the whole, and under the recent reductions of the Wilson Bill, much higher than that of Canada, as will appear by the follow- ing table of rates compiled from offi- cial sources:—

Manufacturers of Iron.	Customs Duty in Canada.	Customs Duties in United States.
Scrap Iron (old).....	\$4 per ton.....	\$3.57 per ton.
Pig Iron.....	\$4 per ton duty and \$2 per ton bounty.....	\$3.57 per ton.
Puddle Bars.....	\$5 per ton duty and \$2 per ton bounty.....	\$10 per ton.
Steel Billets.....	\$5 per ton duty and \$2 per ton bounty.....	\$6 to \$12 per ton.
Bar Iron and Steel	\$10 per ton.....	\$12 per ton
Iron and Steel Plates.....	\$10 per ton.....	\$10 to \$24 per ton
Wide Iron and Steel Plates	\$12, 1/2 p. c.....	30 per cent.
Steel Rails under 35 lbs. per yard.....	30 per cent.....	\$14 per ton.
Steel Rails for Railways	Free.....	\$14 per ton.
Turned Plates.....	Free.....	\$30 per ton.
Sheet Iron and Sheet Steel of thin gauge.....	5 per cent.....	30 per cent.
Angle Iron over 35 lbs. per yard.....	12 1/2 per cent.....	\$12 per ton.

The production of coal, iron ore, pig iron and steel in Great Britain, United States, Germany and France is given

as follows by the American Iron and Steel Association, showing the effect of protection.

TONS.					
		Coal.	Iron Or	Pig Iron.	Steel.
Great Britain under Free Trade.....	1870..	110,431,192	14,370,655	5,963,515	.....
	1880..	146,969,409	13,026,050	7,749,253	1,375,382
	1890..	181,614,288	13,780,767	7,904,214	3,079,043
	1893..	161,325,795	11,203,470	6,976,990	3,049,603
United States under Protection.....	1870..	29,342,850	3,081,891	1,665,179	68,750
	1880..	63,822,830	7,120,362	3,835,191	1,247,335
	1890..	140,882,729	14,518,041	9,202,739	4,277,071
	1893..	162,814,977	11,587,629	7,124,502	4,010,905
Germany under Protection.....	1870..	34,003,004	3,839,222	1,391,124	125,814
	1880..	59,118,035	7,238,640	2,729,098	690,591
	1890..	89,051,327	11,406,132	4,069,537	2,232,069
	1893..	95,426,153	11,457,533	4,427,714	3,163,442
France under Protection.....	1870..	13,179,788	2,899,593	1,178,114	94,387
	1880..	19,361,564	2,874,263	1,725,293	388,894
	1890..	26,083,116	3,471,718	1,962,196	581,993
	1893..	25,650,981	3,517,438	2,003,096	664,032

NEW IRON INDUSTRIES.

Since the policy of protection to the iron industry was inaugurated one new smelting furnace has been erected at Ferrona in Nova Scotia, with a capacity of 25,000 tons per year.

A charcoal furnace has also been erected at Bridgeville, N. S., with a capacity of about 10,000 tons a year, and the productive capacity of the steel works at New Glasgow, N. S., has been largely increased.

A new smelting furnace with a capacity of 200 tons per day has been put in operation at Hamilton, Ont.

These with the extension of the rolling mills and the addition of puddling furnaces indicate a substantial development of the appliances requisite to supply Canada with Canadian iron.

The Canadian consumer is now able to obtain his supplies of articles produced from iron and steel at prices lower than ever before known, and of the best quality.

The total production of iron ore in Canada was:—

1891,	68,799	tons valued at the mines at	\$152,005
1892,	103,285	" " " " " "	254,206
1893,	124,702	" " " " " "	296,018
1894,	100,991	" " " " " "	226,611
1895,	102,797	" " " " " "	239,070

MARKET FOR IRON IN CANADA

That there is room for further expansion of iron manufacture in Canada will readily appear on looking over the importations for consumption in Canada during the year ending 30th June, 1895, of which the following is an incomplete summary and does not comprise the imports of pig iron, scrap iron and steel billets:—

Description.	Tons.	Value.
Bar iron.....	5,035	\$170,331
Cast iron pipes.....	2,667	60,400
Chains.....	958	51,433
Forgings.....	255	21,713
Iron or steel hoops and and sheets.....	13,745	734,207
Iron and steel plates.....	1,684	56,121
Iron bridges and structural work.....	194	13,440
Malleable iron and steel castings.....	1,147	71,264
Plough iron plates, etc.....	208	19,492
Iron and steel rails for tramways, etc.....	4,660	94,858
Railway fish and tie plates	2,174	50,412
Iron and steel angles, etc.....	13,320	190,315
Iron and steel beams.....	2,616	59,312
Swedish iron rods.....	721	26,255
Steel bars.....	5,950	223,021
Steel plate.....	9,323	99,345
Steel rails for railways.....	48,679	838,144
Total.....	118,401	\$2,780,551

The above quantity is equivalent to more than 140,000 tons pig iron.

In the manufacture from the ore every ton of finished iron and steel

will require over two tons iron ore, one ton limestone, and five tons coal, the production of which opens up a large field for the employment of Canadian labor.

This employment, the policy of the Liberal Conservative party is designed to encourage and promote.

Manufactures do not grow up in a

Liberal Discouragement

The liberal party is opposed to the protection of the iron, coal and other industries in Canada.

At Newmarket in September, 1893, the *Globe* reports the leader of the Opposition as saying:

"This is the broad distinction between us to-day. I tell you that the next battle to be fought is to be fought on that ground. We will not levy duties to pay into the pockets of any class, we will levy money in so far only as it is absolutely necessary to carry on the Government of the people. This is the ground upon which I stand. But, if it were not true, on the other hand, that the farmer has not received any benefit from protection, then I say, by all means let us stand by the policy of freedom of trade, which I believe alone can give the farmer the full benefit of his earnings."

"We have protection now. Are we going to get more or less? I will not be satisfied until the last vestige of protection has been removed from the soil of Canada. This is the aim towards which we are progressing, the aim which we have in view, and we will not rest until we have achieved that object. When that will be, I do not profess to know, but at all events, I say that the Reformers of Canada have reforms to carry out, but that our great reform is to put away from the soil of Canada the last vestige of protection. This is one of the planks of the policy that we adopted some weeks ago at Ottawa."

In 1894, we find the leader of the Opposition again defining the policy of his party. At Victoria, for instance, in September, 1894, he says:

day. Capital, skill, experience and the use of the most advanced appliances are essential requisites to success.

The production of the coarser grades of materials in general and common use, with the training of the artisans must necessarily precede the successful manufacture of the more highly finished products of any great industry.

of Canadian Industries,

"If the Liberals were successful, they would cut off the head of protection at once, and trample on its body."

At Winnipeg he said:

"There can be a very radical alteration of affairs looked for. We shall give you free trade and although it will be a hard fight, we shall not give in one inch or retrace one step until we have reached the goal, and that goal is the same policy of free trade as it exists in England to-day."

Then we have the financial leader expounding a policy. There were to be no half measures for him. In 1893, we find the member for South Oxford saying in the House of Commons, *Hansard* page 714:—

"Our policy first to last, has been to destroy this villainous protective system which has been grinding out the vitals of the country."

Then the leader of the Maritime Liberals, the hon.-member for Queens (Mr. Davies) speaking at Middleton in 1893, said:

"Well, gentlemen, I need say no more. Whatever doubts or difficulties there may have been about understanding our trade policy in times past, there is now none. Our platform is clear and definite. To-day the people of Canada stands face to face with such an issue, and the next contest is to be one between free trade and protection. The policy of the Liberal party on the contrary is the reform of the tariff by the elimination from it of every vestige of protection."

Hon. W. Laurier, the Liberal leader, speaking at Sohmer Park, Montreal, 18th February, 1895, said:

"We shall proceed to modify the tariff with the sole view of raising the revenue. We will endeavor to reduce taxation to a minimum. They have a tax on iron which is a raw material of every industry. The tax on coal which is also a raw material of every industry is 60 cents a ton."

"Protection is a fine thing only for a few monopolies."

"It mars the growth of all our great national industries. Now I have been asked what are you going to do. We

are going to have a tariff for revenue, and we are going to abolish completely all the duties on raw materials."

Again, Hon. W. Laurier, speaking at the Windsor Hall in Montreal, January 22, 1895, said:

"But there are two articles which are raw materials of every manufacturer, and these articles are coal and iron, and are they free? If you have a revenue tariff, the object will be to develop the country, and all raw material should be free under such a tariff."

Canadian Railways and Commercial Depression.

That the railway traffic of the country affords an important index to its prosperous condition or the reverse is beyond question, being as it is dependant on the commercial factors of supply and demand. But though the *actual traffic* may constitute such an index and be a reliable indication of the commerce of the country, provided due account be taken of the traffic following other lines of intercommunication, the *earnings* resulting from this traffic are by no means so safe a guide, dependant as they are not only on the extent of business done, but on the rates obtained for transport; these rates being governed by the lowering action of competing interests. Given a general depression of trade on this continent, such as has marked the years 1892, '93 and '94 and it was only to be expected that Canadian railway earnings would, in common with those of American roads, show a considerable falling off. Unfortunately this reduction of receipts can, for electioneering purposes, be put forward as an argument against a given Government policy, and in the hard and easily appreciated form of dollars and cents would carry weight with those who are content to look only at the surface of things

"A lie that is all a lie can be met and fought with outright. But a lie that is half the truth is a harder matter to fight."

A few plain facts on the subject will be found interesting.

The following are taken from the report of the U. S. Interstate Commerce Commission for the year ended on the 30th June, 1894, the last available:

The gross earnings of United States Railways for operation were:—

1893-4	.....175,600 miles.....	1,073,961,797
1892-3	.....169,779 miles.....	1,220,751,974
1891-2	.....162,397 miles.....	1,171,407,948
1890-1	.....161,275 miles.....	\$1,096,761,395

The traffic returns were as follows:

	Passengers (a).	Freight in tons (b).
1893-4	.....531,183,996.....	.....675,680,328
1891-2	.....560,956,211.....	.....706,555,474
1892-3	.....569,590,612.....	.....745,119,488
1890-1	.....540,688,199.....	.....738,186,568

- (a) a decrease of 52,872,413.
- (b) a decrease of 160,932,929 or of 17,05 per cent.

The average revenue per ton per mile during the year 1893-94 was .860 of a cent, the decrease in freight revenue on account of the decrease in earnings resulting from the decrease in freight rates, and the total decrease of the year was \$129,562,948, an amount which exceeds the dividends paid during any year since the establishment of the Commissioner's office (1888).

Compared with 1893 the gross earnings of 1894 showed a decrease of \$147,390,077, and a decrease in net earnings of \$50,883,100, notwithstanding the fact that a decrease in operating expenses had been made to the extent of \$69,506,977. The total deficit

from the operations of the year 1894 amounted to \$45,851,294.

The percentage of capital stock paying no dividends was as follows:—

1890	63.76 per cent.
1891	59.04 " "
1892	61.00 " "
1893	61.24 " "
1894	63.43 " "

The average rate paid on dividend paying stock in 1894 was 5.40 as against 5.58 in 1893, 5.35 in 1892, 5.07 in 1891, and 5.45 in 1890.

To meet the deficit occasioned by

the payment of dividends to stockholders and to operate the property it was found necessary to reduce the corporate investments in stocks and bonds by \$7,094,413, to reduce the cash and current assets by \$44,402,673 and to deplete the fund of materials and supplies so that the stock on hand was worth \$13,988,383 less at the close than at the beginning of the year.

Canadian railways participated in the prevailing commercial depression of these fiscal years to the extent shown hereunder:—

	Mls. in operation	Passengers	Freight tons	Gross Earnings	Net Earnings
1890-91	12,028	13,222,508	21,753,021	48,192,066	13,231,649
1891-92	14,009	18,553,414	22,180,923	51,685,768	15,197,589
1892-93	15,020	18,618,027	22,003,500	52,042,386	15,426,363
1893-94	15,627	14,462,498	20,721,116	49,532,526	14,834,095
1894-95	15,977	13,987,580	21,524,421	46,785,487	14,035,817

For the year 1893-4 there was a total decrease in gross earnings of \$2,489,868, in which the C. P. R. shared to the extent of \$1,438,206.

But the fair way of looking at the question of railway traffic in Canada, is to bear in mind the enormous extent of undeveloped country to which at Confederation, in 1867, the Government railway policy had to be made applicable, the limited population, and the narrow pecuniary resources available; and in this light the foregoing figures, though they may show a certain decrease in years of commercial difficulty which so seriously affected her great neighbour, stand forward as a matter for wonderment, not that she should have shared in the prevalent depression but that that depression should not have entailed on her injurious effects far more serious and that her greater railway systems should have steadily continued their operations, covering the country from ocean to ocean, and as they do, in face of foreign competition, with comparatively so small a decrease in their earnings.

In 1875-6 there were only 4,929 miles of railway in operation in Canada,

carrying 6,331,757 tons of freight and 5,544,814 passengers; the gross earnings being \$19,358,084 and the net earnings only \$3,555,343. The paid up capital was \$333,886,047.

In 1885-86, there were 10,697 miles in operation, carrying 9,861,024 passengers and 15,670,466 tons of freight. The gross earnings were \$33,389,382 and the net earnings \$9,211,800. The paid up capital amounted to \$653,376,144.

In 1894-5 there were 15,977 miles in operation, carrying 13,987,580 passengers and 21,524,421 tons of freight. The gross earnings were \$46,785,487 and the net earnings were \$14,035,817, a decrease compared with the preceding year of only \$298,278, commercial depression notwithstanding, the companies having wisely curtailed their expenditure accordingly. The paid up capital amounted to \$894,640,559.

The fact is that the Government has had, throughout, but one bold far-seeing railway policy, one that took cautious cognizance of the rapid rate at which, in these days, events and nations develop. Circumstances have favored the carrying out of that policy in its full intent, and Canada has

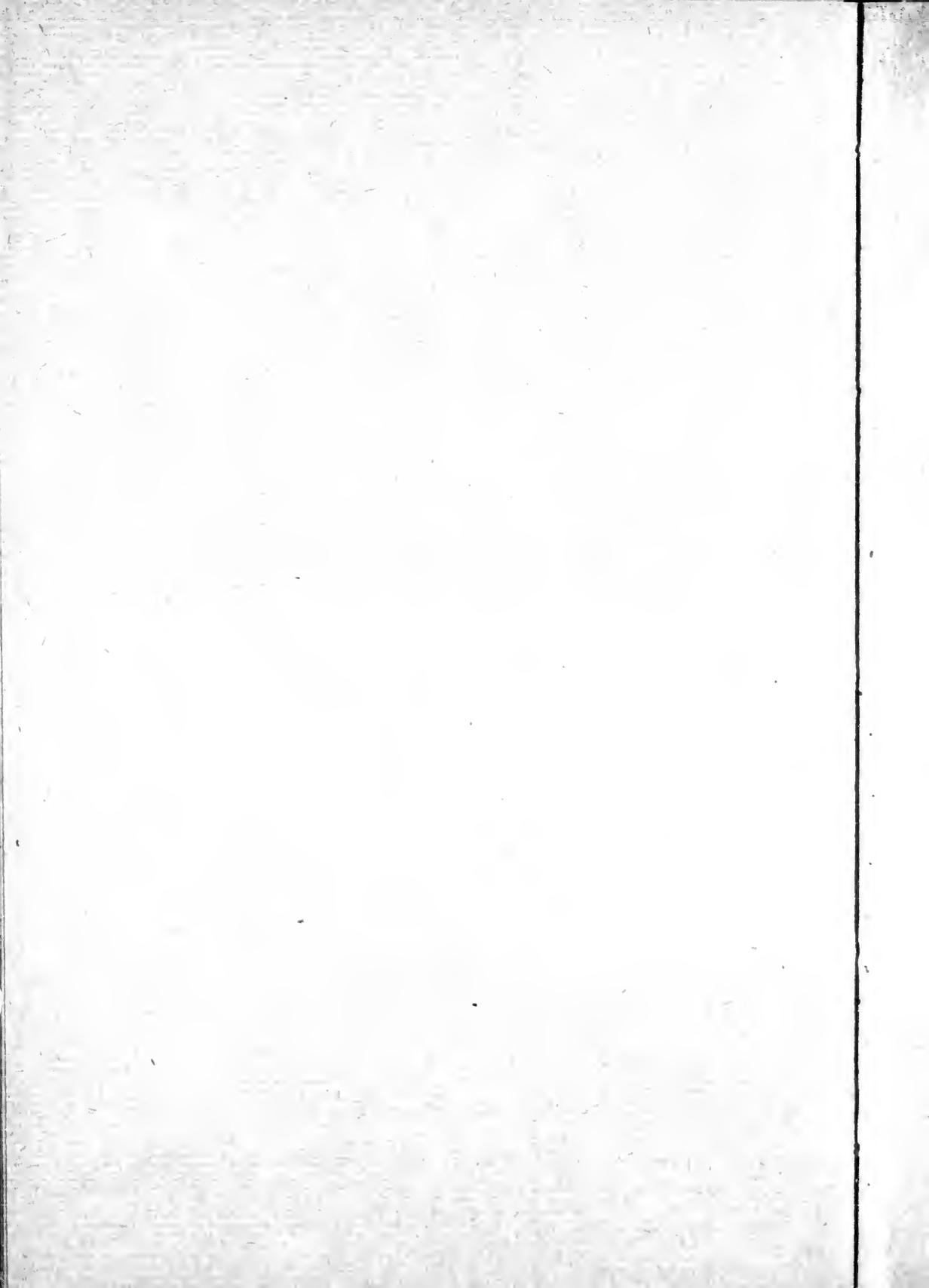
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thereby become, with all that that implies, a great *factor in the transport systems which circle the globe.*

As the Canadian Pacific Railway, which, as being a main feature of the Government scheme of railway development, has been made the subject of much adverse criticism and misrepresentation, it may be observed that the road was opened for through traffic in June, 1886 and that its statistics show that during the past ten years it has carried 26,523,411 passengers, and 31,739,123 tons of freight; that its gross earnings have amounted to \$158,351,763, and that it has spent simply for maintenance and operation a total of \$100,763,294. Such figures as these

speak for themselves. Adding to them the expenditure on construction of the road, the bulk sum of which expenditure was to the direct benefit of Canadian pockets; and further, regarding the industries throughout the whole length of the country to which it has given impetus and support, the cities and towns and villages which are rapidly growing up all along it, the barren lands that are being brought under cultivation and the mining interests that are being developed, and it will be seen that neither the Canadian Pacific Railway, nor the Government that gave it being, need defence; the railway is its own defender.

Facts in regard to certain Public Contracts.

CURRAN BRIDGE.

In the autumn of 1892, the Government decided to rebuild the Wellington street and Grand Trunk bridges over the Lachine canal at Montreal, the estimated cost placed upon them by the superintending engineer, if built in the early part of the winter, was \$223,000, and arrangements were made to unwater the canal for the purpose in December.

The manufacturers who depend on the water power of the canal for operating their mills, protested in vigorous terms against the canal being unwatered at that season, urging that such action would paralyze trade and throw a large number of men out of employment at a trying season of the year, and suggested that trade and their men would not suffer nearly so severely if the canal was unwatered in March. Their request was acceded to, even though it gave a very limited time in which to perform the work. A sum of \$170,000 was voted by Parliament towards the construction of this and other works on the canal.

In March the work of actual construction was vigorously commenced, it being indispensable to navigation that the water be let into the canal on the 1st of May, giving only seven weeks in

which to complete the work. The winter was a severe and long one, and the ice formed very heavy; the frost penetrated deeply into the cribwork and earthwork which had to be removed, and as the weather was bitterly cold, and boisterous at times, during the progress of the work, its cost was necessarily increased.

The Government anxious to be relieved from undertaking the building of the Grand Trunk Railway bridge negotiated with the Grand Trunk Railway Company, hoping to arrange with them for a lump sum, but the Grand Trunk Railway Company refused to undertake it except by day's labor, the Government paying them whatever sum it might cost with a percentage added for superintendence, etc., which proposed arrangement the Government declined to accede to, because it would take the control of the expenditure entirely out of their hands.

The work was performed by day's labor, as it became necessary to control its progress to ensure the canal being in condition for navigation by the 1st of May, the experience being that when the work is let out to contract, there is a great risk of it not being completed within the time specified in the contract. The materials

were, however, procured by tender as likewise the labor, the lowest tender being in all cases accepted.

Responsible Resident Officers, who had been in the Government service for many years, were placed in direct charge, with all the necessary instructions given them for guarding the public interest. A Superintending Engineer, a Superintendent, an Assistant Engineer and five Time keepers were employed, a staff amply sufficient for the service, and had they been faithful to their charge, no wrong doing could have been committed. No money was paid out except upon the pay rolls and accounts which were duly certified as correct by the Superintending Engineer, the Superintendent and the Head Time Keeper, and not one cent was paid after evidence of fraud was discovered.

As regards the claims made by the contractor for wages, they are being contested by the Government in the courts.

SECTION B. CONTRACT 42, C.P.R.

The charges made in connection with this matter were fully ventilated in Parliament, and in consequence a Royal Commission was appointed in 1880 to examine into the conduct and prosecution of the Canadian Pacific Railway, its expenditure, the discharge of their duties by officials and others, and the manner in which contracts had been obtained and executed. An immense amount of sworn evidence was taken and is contained in their report. As to section B which received very close attention the commissioners reported as follows:—

“Upon the evidence we conclude that in obtaining this contract, the contractors got no undue advantage, and at the time it was awarded there was no opportunity for the Department to secure the works at prices lower than those mentioned in it.”

In the session of 1891 Mr. Lister, M. P., brought a specific charge against Mr. Haggart that he had been beneficially interested in the profits of this contract which had accrued to the

share thereof standing in the name of Peter McLaren; that he had received large sums out of the said profits, and that with his “knowledge and assent” large contributions for political purposes had been charged against the profits of the contractors.

To these charges Mr. Haggart in Parliament gave a most emphatic and comprehensive denial, stating that though he had been interested with Mr. McLaren in other business and had at his request arranged the partnership between him and the other parties for carrying on Section B. business, he had received no moneys except travelling expenses and bare hotel allowance. Further that not to his knowledge did contractors contribute any sum of money towards any political purpose, or to the Government. He drew attention to his sworn evidence before the Commissioners, namely, that he never had any interest in any of the transactions of this railway or in any other contract with the Government directly or indirectly, and to his sworn evidence given in a certain suit at Winnipeg, that he had not, directly or indirectly, any interest in connection with Mr. McLaren in Section B. Later on Mr. Haggart presented a statutory declaration by Mr. McLaren confirmatory of his own statements to the House.

Referring to the specific charge made by Mr. Lister that Mr. Haggart has been beneficially interested in the profits of the contract, has received large sums out of the said profits and otherwise derived direct and substantial benefits therefrom, Mr. McLaren declared that the statement made in the said charge “*was and is absolutely untrue, and without the shadow of any foundation in fact.*”

HARRIS PROPERTY—ST. JOHN, N.B.

This property is adjacent to the International Railway Station Grounds in the City of St. John and was purchased in 1892,

It has an area of 216,000 superficial feet, on it being certain build-

ings, embracing a Forging Shop, a Car Wheel Foundry, a Blacksmith's Shop, an Iron Foundry, a Brass Foundry a Passenger Car erecting Shop, a Freight Car erecting Shop, a Machine Shop, a Turning Shop, a Kiln Dry House, Engine and Boiler House, several Store Houses and Dwelling Houses and an office, all of which were in active operation.

Two separate appraisements were made by prominent, trustworthy old residents of the City of St. John. One, Mr. Charles A. Everett, placed a value on the property of \$347,486.16, and the other, Mr. Charles H. Fairweather, placed its value at \$311,226.41. The Government considering the valuations large, entered into negotiations with the owners of the property, who after many interviews consented to take \$200,000, at which price the property was subsequently acquired.

THE TAY CANAL.

The Tay Canal extends from Perth to the Rideau Canal, a distance of eight miles. It was originally constructed by a company and opened for navigation in 1834.

Although a great benefit to the country in developing trade. The receipts did not cover the cost of working it, and the company, for want of funds, were unable to properly maintain it, and it was as a consequence closed, and the company ceased to exist.

This section of the country found itself barred from communication with the canal systems of the Dominion, which seriously affected its advancement, and the restoration of this communication, it was believed, would greatly benefit its trade. The Government were in consequence strongly urged to take it in charge, which was done in 1882, when they proceeded to reconstruct it, the cost of which was estimated at \$132,600. Upon further consideration it was decided not only to reconstruct it, but to build new sections of canal by cutting through points of land, and thus shortening and straightening the

water-way; it was estimated that this additional work would bring the cost up to about \$240,000. Subsequently further improvements were suggested with a view to facilitating trade by forming a basin at Smith's Falls at an estimated cost of \$60,000. All this was independent of the cost of land and land damages.

Any person having a knowledge of the value of work, passing through this canal could not do otherwise than arrive at the conclusion that the cost of \$476,877 is very reasonable for the amount of work executed.

It is well known that the operating and maintenance expenses exceed the revenue, but though the canal does not pay directly it does so indirectly by the development of trade.

THE GALOPS CHANNEL.

The forming of the Galops Channel was strongly recommended by the late Mr. John Page, Chief Engineer of Canals, and it was upon his strong recommendation and representation that the work was undertaken. It was a difficult work to perform and attended with great risk and liability to mishaps and accidents to machinery, etc. The work was estimated to cost \$312,600, it was placed under contract after open competition and was carried out by the Messrs. Gilbert & Sons at their contract price per cubic yard, which amounted to \$629,630, the final payment having been made under a judgment of the Exchequer Court. In addition to this there was expended by the Government in surveying and testing the channel \$25,100, making a total of \$654,730. It will thus be observed that the statement sent abroad through the country that it cost \$900,000 is a gross exaggeration of the facts.

In order to ensure 14 feet navigation in this rough, rapid water it was necessary to form a channel with 17 feet depth of water. When the work was believed to be completed, Mr. Rubidge, the Superintending Engineer, took the usual methods of sweeping

the channel to ascertain that all was clear for 17 feet, and he found it to be so, but a year or so afterwards it was said that an obstruction existed in the channel and the work of sweeping was renewed when it was found that fragments of rock caused obstructions in the channel, so that now the full depth of 17 feet does not obtain throughout and this the Superintending Engineer and the Contractors contend is owing to rock having been brought down by ice and lodged in the channel since the work was completed. The channel is navigated by large propellers and other vessels.

SHEIKS ISLAND DAMS.

The question of utilizing by means of two dams the shallow north channel of the river between Sheiks Island and the main land, instead of enlarging the old Cornwall canal for a distance of about three miles alongside, was under discussion in the time of Mr. Page, the late Chief Engineer of Canals. Mr. Page preferred to enlarge the old canal for which his plans were prepared, and the works were placed under contract accordingly.

The old canal follows the very tortuous curves of the river, and by reason of the treacherous nature of the soil, in parts composed of sand and clay in layers, has been subjected to serious breaches which have stopped navigation for considerable periods and entailed a great cost, one in 1888, having been only repaired, after over a month of work and delayed navigation, at an expenditure of over \$47,000. The scheme for the utilizing of the channel of the river and thus avoiding this danger, besides affording a fine stretch of open navigation and other advantages, was strongly urged, not only by Boards of Trade and the forwarding interests, but by two of the leading Engineers of Canada, Mr. S. Keefer and Mr. W. Shanly. The opinion of the Engineer in charge of the enlargement works on this section, an officer of experience, was also favorable to it, and the pre-

sent Chief Engineer of the Department concurred in their views.

Under these circumstances, after careful consideration, it was believed to be wiser to stop the work of canal enlargement then in progress on this section and to adopt the scheme of dam construction so forcibly urged, and backed by the weight of such authority.

The question of cost had to be considered, and here it was estimated by Mr. Shanly that even to obtain a "single track" canal the cost would be \$700,000, and to so widen it as to satisfy the inevitable exigencies of navigation a further expenditure of \$200,000 would be needed, bringing the expenditure up to \$900,000 on this three miles, and after all, resulting in a work which would not compare with the basin scheme, the cost of which he estimated at \$400,000. Allowing as the value of the enlargement work done and to be abandoned about \$125,000, a very considerable saving in cost and time would follow.

As a matter of fact the dams are completed and the necessary waste weir is practically finished. They are admirable and substantial works. Their cost up to the present is \$343,440, adding to this the actual payment for the abandoned work \$176,702.25, and the further sum of \$29,350, paid to one of the contracting firms whose contract was cancelled, by way of compensation, together with the cost of land purchased \$30,000, the total cost has been under \$580,000. When the small balance of work remaining to be done is finished the total cost will be under \$650,000. The change of plan will thus effect a clear saving of at least \$250,000 with results far more satisfactory to those immediately interested, and to the public benefit.

Some adverse criticism has been made because instead of calling for tenders for the said dams, it was thought better in the public interest, in view of the fact that the contractors for the adjacent section, whose contract works would have required modification, in

any case, by reason of the change, and who were able, experienced and reliable contractors, and in view of the fact that the puddle clay necessary for the construction of the dams could only be obtained, except from a distance, on their Section 4 Contract, simply to extend that contract so as to cover the work on the dams, at the schedule prices named therein in so far as applicable, prices being fixed, as provided in this contract by the Engineer, for items where the contract schedule did not apply.

The prices in Contract No. 4, it should be observed, were fixed by competition when the contract for that work was made, and therefore may be said to represent the lowest prices at which trust worthy contractors would have undertaken the work. It will thus be seen that the public have been in every way advantaged by the adoption of the course taken by the Government in this matter.

THE ST. CHARLES BRANCH.

The so-called St. Charles Branch of the Intercolonial Railway, 14 miles in length, which now forms a thorough route from the Maritime Provinces to Western Canada, was originally designed merely to extend from St. Charles Junction to Chabot's Wharf on the St. Lawrence River in the eastern end of the City of Levis, and was estimated to cost \$360,000.00. Subsequently it was found necessary to make an extension along the city front of Levis to connect with the Grand Trunk Railway at South-Quebec, for this extension a right of way 15 feet wide, with road set up on piles was estimated to cost \$196,000.00. This arrangement was found not to meet the requirements, and it became necessary to take a greater area of land and to form a solid road-bed of pine timber crib-work filled with stone, upon completion of which the Grand Trunk Railway brought their through traffic to South Quebec, when it was found that additional yard room was required in connection with the transfer of the

traffic to the Intercolonial Railway. A large timber pond was the only available space to be had. This was purchased and graded up solid with earth and faced with crib-work, so that it will at once be seen that the original estimate of the cost of \$556,000.00 of the St. Charles Branch as originally designed, having no bearing on the actual cost of \$1,732,238,000 of the line as built and accommodation provided, of which \$909,366 was for land purchased, the large proportion of the cost of which was paid upon the judgments of the courts after expert witnesses had given their testimony as to values, and after the cases had been ably defended by counsel.

TEMISCOUATA RAILWAY.

This road, constituting as it does an important link in the chain of direct railway communication between the waters of the St. Lawrence at Riviere du Loup, and the Atlantic to the south, via the St. John Valley, and enabling communication to be made on Canadian soil between the Intercolonial Railway at that place and the city of St. John and other Atlantic ports, cannot be regarded as other than one deserving of that financial assistance which it has been the policy of the Government to grant to roads whose construction will tend to the benefit of the country and to its means of independent communication.

A glance at the map of this section of Canada and the States is all that is required to show that owing to the protrusion of the State of Maine northward, Canada without this railway would be barred from access to her Southern Atlantic ports on her own soil, except over the more circuitous route of the Intercolonial railway.

Towards the construction of this link of 81 miles and its branch westwards there has been contributed \$645,950, and in the granting of this aid not a dissenting voice was heard from the Liberal party.

THE EDGAR CHARGES.

The history of the Edgar charges is as follows:

On the 6th of April, 1892, Mr. Edgar, member for West Ontario, asked the unanimous consent of the House of Commons to proceed with a motion which he had placed on the notice papers a week previous.

Sir John Thompson did not see why it should be the unanimous wish of the House to take any motion out of its course.

Mr. Edgar then made his statement to the House charging Sir Adolphe Caron with having received large sums of money from the Lake St. John Railway Company and the Temiscouata Railway Company, which companies had received large subsidies from the Dominion of Canada for election purposes.

Mr. Edgar claimed urgency.

After a short discussion the Speaker of the House ruled that urgency had not been proven and that the motion should come up in regular course.

Later on, at the same sitting the motion of Mr. Edgar was reached and he formulated his so-called charges, above outlined. He asked that the matter should be referred to the Committee on Privileges and Elections.

Sir Adolphe Caron in answer said: "I take this, the first opportunity which has been given me, to state to the House that in every particular the charges made by the hon. gentleman are false."

Sir John Thompson in the course of his speech in reply to Mr. Edgar spoke of follows—(Hansard, 1882, page 1941):

"Obviously, to state the abstract principle as well as one can, the House has a perfect right to inquire at any time with regard to the manner in which public monies have been expended by the departments of Government, or by others to whom they have entrusted public monies for expenditure. That class of cases in which charges may be made as to the proper expenditure of public money by those to whom it has been voted to administer, or who may have been appointed by the executive to administer it; that class of cases is altogether aside from the present one. Either of the branches of Parliament which have appropriated the money has at all times the right, irrespective of any charge of personal misconduct, to inquire into the manner in which its votes of money have been administered from time to time. There is in

these present charges, of course, no reference to any complaint of that character. There is no allegation of any public money having been misappropriated or maladministered."

The debate on the charges was continued on at the same sitting, 6th of April, 1892, until 6 o'clock.

The debate was again continued on the 27th April, 1892 (Hansard 1892, page 1741 and following pages) and also on the 4th of May of the same year, and at the latter sitting Mr. Bowell, now Sir Mackenzie Bowell, moved in amendment to Mr. Edgar's motion that "the House deems it proper and convenient that the evidence relating to such allegations and charges should be taken by one or more commissioners to be appointed under chapter 114 of the Revised Statutes of Canada, and having all the powers mentioned in said chapter, and that such evidence should be laid before the House when completed.

At this sitting, 4th May, 1892, Sir Richard Cartwright moved an amendment to the effect that

"That this House refuses to allow the investigation into the charges preferred by Mr. J. D. Edgar, a member of this House, in his place in the House, against Sir Adolphe Caron, also a member thereof, to be removed from the control of Parliament, and to be committed to one or more commissioners appointed on the recommendation of the said Sir Adolphe Caron and his colleagues."

The House divided on Sir Richard Cartwright's sub-amendment, which was lost, 63 voting yea and 125 nay.

Mr. Bowell's amendment agreed on same division reversed.

Mr. McCarthy then moved: "That the resolution as amended be further amended adding the following words: That the names of the said Commissioner or Commissioners be submitted for the approval of the House before his or their appointment."

This was agreed to on division, and main motion, as amended, agreed to on the same division.

* * *

On the 27th of May, 1892 (Hansard page 2980 and following pages) Sir John Thompson moved that Justice Routhier and Justice Gait be appointed

Commissioners to take evidence in the charges against Sir Adolphe Caron.

Mr. Laurier moved in amendment that: "The charges preferred against Sir A. P. Caron, P. M. G., by Mr. J. D. Edgar, a member of this House, from his place in the House, on the sixth day of April last, be referred to a special committee of five members to be so struck by the House to inquire fully into such charges, and, for that purpose to examine witnesses on oath and to send for papers, persons and records."

After a debate on the motion and amendment Mr. Laurier's amendment was declared lost and the main motion carried on the following division: For amendment 32 yeas and 79 nays.

On the 16th of June, 1892, a Royal Commission issued naming Mr. Justice A. B. Routhier and Mr. Justice M. M. Tait as Commissioners to take the evidence.

The Commissioners met in the Court House in the city of Quebec on the 8th September, 1892, and adjourned to meet again at the same place on the 20th of the same month.

The Commissioners notified Mr. Edgar of the time and place fixed for taking evidence and requested him to furnish them with a list of the witnesses he desired to have examined.

By letter dated the 13th September, 1892, addressed to the Commissioners, Mr. Edgar declined to assume any responsibility for the prosecution of an inquiry under the reference as drawn, and added a postscript, wherein he gave a list of the witnesses whom he would have called and of the documents and papers he would have required them to produce, had he been given, as he states, an opportunity to prove his charges.

The Commissioners sat at the Court House in Quebec on the 8th, 20th, 21st, 22nd, 23rd, 24th, 29th and 30th September, 1892, and on the 1st, 4th, 11th, 18th, 26th, 27th October, 1892, and on the 19th November, 1892.

They examined 21 witnesses and the books and papers bearing on the case.

On the 24th November, 1882, they transmitted to the Secretary of State, the depositions given by witnesses, the exhibits and other papers in the case.

Parliament met on the 26th January, 1893.

On the 28th February, 1893, Mr. Edgar inquired when the papers connected with the Caron Commission would be laid before the House.

Sir John Thompson said they were about ready and he would speak more definitely to-morrow.

On the 13th March, 1893, in answer to a question from Mr. Edgar, Mr. Costigan informs the House that the evidence of the Commission is now ready and ready to be distributed. Page 2212.

On the 22nd of March, 1893, on going into supply, Mr. Edgar moved an amendment (Page 2843): "That Mr. Speaker do not leave the Chair, but that it be declared that in the opinion of this House the evidence taken by the Royal Commission appointed last session to inquire into certain charges made against the Hon. Sir A. P. Caron, K. C. M. G., M. P., which was reported to the Government on the 24 November last, and is now laid before us, established facts which should have prevented the subsequent appointment of Sir A. P. Caron to be an adviser of the Crown, and also renders it highly improper that he should continue to hold such office."

Answering Mr. Edgar, Mr. Curran said in the course of his speech:

"Why, Sir, let any lawyer read this blue-book and see how that evidence was brought in; for the hon. judges did not merely allow questions with regard to Dominion subsidies, which alone were implicated in this investigation, but they allowed the inquiry to extend to provincial subsidies, and the very subsidy there spoken of was a municipal subsidy which they had no power to investigate at all. After the door was opened, not only with regard to Dominion subsidies, but with regard to every subscription for election purposes, the hon. commissioners were determined that nothing should be left uninvestigated; and the fact that the learned gentlemen who represented the Crown brought out such evidence shows that they were in earnest in the investigation which they were charged to carry on.

"In answer to Mr. Edgar's charge that Sir Adolphe Caron was, during the whole, or the greater part of the period between 1882 to 1891 one of the members of the construction company of the Lake St. John Railway Company, Mr. Curran read the sworn testimony of Mr. J. G. Scott to the effect that Sir Adolphe Caron, as representing the firm of Andrews, Caron & Andrews, put in £2,500, which was the whole sum and substance of that firm's interest in this construction Company. This sum was

paid in 1870 and Sir Adolphe entered the Government in 1880. Mr. Curran proved, from Mr. Scott's evidence, that the shareholders of the construction Company were not shareholders in the Railway Company, and that after he entered the Government he only attended three meetings. "So that," Mr. Curran said, "although he was there, though he was a member of the construction Company, the sworn testimony of Mr. Scott goes to establish that he had no interest in it, took no part in it, that he knew nothing about the transactions and that, upon occasions when he was present, he went there to shake hands with his friends, being on a visit to Quebec during the summer months, but took no part in, and knew nothing of their proceedings."

After quoting from the blue-book the evidence given by Mr. Beemer, Mr. Curran said: "Mr. Beemer, in his evidence, repudiates any corrupt bargain, or even the suggestion of such with the Postmaster General in regard to the subsidies." Then, after further quoting Mr. Beemer's evidence, Mr. Curran says: "Now, we had discussed here to-day the question of those \$25,000.00 of notes that were given by Mr. Beemer to Mr. Ross. That question is of the utmost simplicity as it is presented in the evidence. The testimony of Sir A. P. Caron—the testimony of Mr. Beemer, and the testimony of all those concerned in this transaction, shows that Senator Ross was an old friend of Sir Adolphe Caron. He had known him from his childhood; he had been a friend of his father and his family years before; he had been a Conservative all his life. He had been a candidate for the Conservative party; being a wealthy man deeply interested in the country, he had contributed large sums of money at various times, as a friend of the political party to which he belonged, to aid that party in the elections. Having been met in the city of Montreal by Sir Adolphe Caron he was asked there if he would not subscribe to the election, and he consented to give a subscription of \$25,000.00, which, he being several times a millionaire, was not a very large one. Then Sir Adolphe Caron left him for the time being. Now, a great howl has been set up about this, and an attempt has been made to show that this money came out of the subsidies and was part and parcel of those subsidies; while the sworn evidence shows that the subsidies went straight to the railway. But I go further, and say—and I say it without fear of contradiction—that, in view of the evidence given as to the amount of money put into the railway, in view of the evidence showing that every dollar of the subsidies went into the railway, that \$200,000.00, of James G. Ross' money had gone into it as the balance of a loan to Mr. Beemer, that according to Mr. Beemer's own testimony, \$38,000.00 of his own money had gone into it over and above all those federal, provincial and municipal subsidies—I say, that if the money had gone straight as a donation from Henry J. Beemer himself, there would be no ground for condemning Sir Adolphe Caron in the matter. There is the most positive and complete evidence that he did not suspect the money to

come from Beemer; but I have no hesitation in asserting from the evidence, that every dollar of the Dominion subsidy and hundreds of thousands of dollars over and above that amount, went into the road, and, even if the charges as made originally by the hon. member for West Ontario were put in the most severe crucial form, there is no evidence to show that Sir Adolphe Caron was in any way guilty of the charges made against him."

After further quoting from Mr. Beemer's evidence, Mr. Curran says: "Everything that could be brought forward that might in any way, directly or indirectly connect Sir Adolphe Caron with any corrupt transaction was brought out, but no proof could be adduced to show what the hon. gentleman expected would have been proved out of the mouths of these witnesses."

Mr. Curran further says: We have the same charges made in connection with the Lake St. John Railway, made also in connection with the Temiscouata Railway, and the other persons peculiarly interested were Mr. J. J. Macdonald and his partner, Mr. Boswell. Now I challenge any hon. gentleman to take that testimony, as it had been given, and show that it establishes these charges."

Mr. Curran now read Mr. J. J. Macdonald's testimony to show that he had had no dealings with Sir Adolphe Caron in this matter. Mr. Tarte's evidence was also read and commenting on it, Mr. Curran said: "Here is a witness, brought in at the suggestion of the member for West Ontario; he is sworn and gives evidence; and not satisfied with stating in an ordinary way that these monies were not misapplied, nor satisfied with telling the Court and the country, and especially this Parliament, before whom he knew all this evidence must be brought, that the money had all gone into the railway, that the Dominion subsidy had not been diverted from its legitimate purpose, he, like a true and pious man, raised his hands to Heaven and thanked God that the subsidies went to build the railway. Now, I do not think I need to go any further into this testimony so far as the Temiscouata charge is concerned."

Mr. Davies moved the adjournment of the debate.

The debate was again proceeded with on the 23rd of March, 1893 and the House divided on Mr. Edgar's amendment, which was lost on the following division: Yeas 79, Nays 119 or 50 of a majority. The main motion carried on the same division.

This closed the Edgar charges in the House of Commons, and nothing has since been heard of them.

