

In the first place, let me remind you that during our negotiations with the Government last year for the purpose of securing financial assistance for the University, it was suggested as a condition of the grant that an increase of Arts fees to the extent of \$10 per student should be levied. I recall to your remembrance the fact that at a meeting of those concerned in the board-room of the Canadian Bank of Commerce, Hon. S. H. Blake appealed to you and asked if there would be any difficulty in imposing this increase, and that you replied in the negative. Further, at the Conference of April 30th last, at which you and Drs Carman, Potts and Hough were present, along with President London and myself, there were only the two following proposals as to the mode in which this increase should be distributed.

(1) That of President London, viz.:

\$5	increase in Registration fee.
\$2	" " Examination "
\$3	" " Library "

(2) That of your Committee, viz.:

\$6	increase in Registration fee.
\$4	" " Examination "

The latter after full discussion was unanimously adopted. Effect has been given to this arrangement by the College Council so far as the Registration fee is concerned, and a statute has been introduced by Professor Baker, seconded by yourself in the Senate to increase the Examination fee by \$4. You may accordingly imagine the surprise with which I received your letter of May 8th, in which you contend that it is the Registration fee only which should be increased. In your last letter you urge as an objection to the proposed increase of the Examination fee that University fees are only to be imposed for specific expenses. But, in point of fact there is no mention in the Act of fees to meet specific expenses. On the contrary the Act does prescribe that all University fees shall go into a common fund, and become income for current expenses of College and University alike (Chap. 44, sections 16 & 19).

To show how untenable your position in this connection is, I need only refer to our practice in the matter of Degree fees, which by the application of your argument are unjust as now levied, and should of right be reduced to the mere cost of conferring the degree.

I have, I think, shown clearly above that the University of Toronto and University College are complementary parts of one institution, and that their unity is secured by the Agreement and confirmed by the Act. The practical question is: How, in the absence of increased endowment, are we to raise funds from fees to carry on the whole work of the State institution? All fees of whatever kind go into the common fund, and assist in meeting the general expenses. In the past, when increased revenue was required, at one time University fees and at another time College fees were increased, irrespective of the relative cost of the various branches of the service, and having regard only to what was deemed a reasonable distribution of the burden at the time.

This has been the method on various occasions since federation, and the proposal adopted in our joint committee was exactly in the same line. The only thing which now remains to be considered is, what is a reasonable fee, and what is a reasonable distribution under the circumstances?

Briefly the situation now is this: The measure of assistance expected from the Government at the time of federation has not been fully realized. A deficit has occurred. The Government has undertaken to relieve our embarrassment to the extent of \$7,000 on the understanding that a similar sum should be raised by increased fees. University College at once in accordance with the understanding