not yet called attention. This Act contained a short provision at the end of one of its sections, which gave the Legislature, by express agreement, liberty to revise and alter the royalty in or after the year 1886. Now, it will be necessary to say a few words with reference to the condition of a company which refused to accept the lease with the language based upon the Act of 1885, but, instead, received a lease incorporating the language of the Act of 1866 to which I have referred. The majority of the leases received in 1886 contained the language provided for by the Act of 1866, and did not contain the language in the terms of the Act of 1885, expressly giving the Legislature the right to increase or diminish the royalty from time to time. I refer now to the acts of 1866, Chapter 9, Section 1, which is identical with Section 102 of Chapter 7, of the statutes of 1884, which gave the Government the right to renew on the terms of the original leases. The two sections are identical down to the last clause of Section 1 of the Act of 1866, which reads as follows:—

"Provided that in no case shall such renewal or renewals extend, or be construed to extend, to a period beyond sixty years from the 25th day of August, A.D., 1886, and provided also that the Legislature shall be at liberty to revise and alter the royalty imposed under such lease in or after the year 1886."

That provision of the Act of 1866 was deliberately dropped in 1873. Various publications were issued by the department re-enunciating the law as constituted by the Act of 1873.

THE CHAIRMAN—Do you say that the leases which were not taken out under the terms of the Act of 1885 were taken out under the terms of the Act of 1866?

MR. HENRY—Yes, and this brings us to discuss for a short time the companies that have leases under the terms of the Act of 1866. Assuming for the sake of argument, that they are bound by the terms of that Act, having insisted upon having those terms in their renewals, as distinguished from the terms offered to them, we come to the question what right or liability, rather, is imposed upon that class by virtue of this language, which is the same as asking what is the meaning of the proviso in the Act of 1866. Bearing in mind that all these leases were to expire in 1886, which was solemnly and carefully provided for, and there was not a lease that did not expire in 1886, the purpose of the whole of the section is to provide what is to be done at the period of renewal. In that connection I will read it again. It is clear from this that 1886 was the time when the renewals were to take place if at all. The Act does not provide for any interference with the rental between 1866 and 1886. It is clear that the Legislature was to have the right to make the change in 1886. *Query.* When did it commence to have that right? Does it not strike even a non-professional mind that the Act provided for the making of new terms for each renewal? That the change was to be made in 1886, if at all? At that period another tenure is entered upon for another period of twenty years upon terms which may be ruled upon by the Legislature. Then in 1906 another term is entered upon when new terms can be fixed. Then in 1926 still another term is entered upon.

THE CHAIRMAN—Your argument is that the renewal is good for the twenty years?

MR. HENRY—Yes, and this view is concurred in in an opinion carefully prepared, after full investigation, by Mr. Borden, which the committee is at liberty to peruse. It is also the opinion of Messrs. Drysdale and Newcomb, especially I believe of Mr. Newcomb. If it is not felt that we have legal talent enough here, it should be sought elsewhere. The view expressed by these gentlemen is the view that we say the court must take, and this is exceedingly important. The argument is easy to make and to understand. It is that, taking the whole section together, you find that the one thing to be done was to provide what was to be done in connection with the renewal of the relation of lessor, and lessee, by a new document, the lessee having the right to demand a renewal, and the Government being bound by the terms of the leases to grant it, but having the right to say what the rent should be. This right was not a right to interfere during the twenty years, but a right to fix the rent for the renewed period, as it was fixed for the original period during which, as it has been shown, the Legislature had no right to interfere. Now, what happened? When these lessees took the renewals in the terms of the Act of 1866, they took the best thing that they could get, and we have to see what they got amounted to. The words of the Act were: "Provided also that the Legislature shall be at liberty to revise and alter the royalty imposed." Is that a mere statement of the law, or does it give the Legislature the power to alter the rate of royalty from day to day, and from year to year, and from time to time? I submit that it does not. The most that it means is the re-statement of the rights that the companies had. Admitting for the sake of argument that the companies are now liable to have the rate altered in the year 1906, they are not liable to have it changed before that time, and to do so would be breach of contract. We are willing to submit this point to any reputable judges. Therefore we cannot agree with the Provincial Secretary when he says that he does not intend to commit a breach of contract. The operation of the mines is often a boon to the province alone, while it is a source of loss to the people who put capital into the enterprise. We all know how delicate the balance with regard to the trade is, and how small a burden will destroy an enterprise. A few cents a ton added to the freight will keep the coal from markets that it now reaches, while a few cents taken off will enable it to go further. The burden now proposed will not only impair the rights of persons who have now their money invested in the mines, but it will deter persons who have invested, or are desirous of investing in other enterprises. Surely in this enlightened age, morality and stability should be the governing considerations. If the proposed increase constitutes a breach of contract, it will be a serious thing for the Legislature to sanction it, if it be not a breach of contract, we will have no right to complain on that ground, and it will become in that case a question of expediency, whether the enterprises can stand the burden proposed.

MR. H. S. POOLE (the Acadia Coal Co.), said that many of the companies were not present other than by representatives. (The Chairman here stated that he had received telegrams from a number of companies authorizing Mr. Poole to speak for them). The Premier and the Attorney-General had stated that they did not intend to use the power of the Legislature to over-ride the terms of the leases, but claimed that they were acting within their powers as lessors. If they were sincere in this opinion they should not object to allowing the contention of the lessees, which is a purely legal one, to be tried in court or arbitrated on as the lessees desired. The holders of the leases desired to approach the committee as legislators and landlords. Those holding leases issued since 1886 make no claim of rights interfered with; they approach the Legislature with a request for clemency and a careful consideration, if prepared to receive them, of facts confirming their contention that the average returns from coal mining did not warrant an increase. Other lessees appealed to them as to landlords to yield them the conditions of their contract. The Attorney-General had said that he would blush if he thought that it was for a moment intended to commit a breach of contract in this legislation, he claimed that the Government had the right to make the proposed increase. The Premier had impressed upon the holders of the leases the power of the Legislature, and had said that it could take away private property. When it came to the question of property the holders of the coal leases received a good deal of sympathy from gentlemen representing other branches of mining industry. There were present here representatives of iron, gold and quarrying interests, who all felt that the security to the titles of their properties was of vital interest to their shareholders. Touching the question of legislation they had been told that they had nothing to say but to appeal to the clemency of the Legislature. He believed that there was a right of appeal to the Governor-General, and perhaps to England. The Prince Edward Island Legislature years ago had passed measures confiscating the lands of absentee landlords, but when the appeal went home their action was disallowed and a commission was appointed to indemnify the landlords and the confiscation laws were disallowed. A year ago the Province of Quebec passed a mining law which included minerals not included here, phosphates for instance. There was a great agitation against the law and an appeal was made for its disallowance. A correspondence ensued. He quoted from the letters of the Minister of Justice, Sir J. S. D. Thompson, and his deputy, Mr Robert Sedgewick. In the end the province agreed either to withdraw the bill or to modify it. In the Province of Ontario they passed the Mining Act of 1892, giving certain rights and privileges to the lessees and at the same time imposing royalties, but they were particular to distinguish as to vested rights under titles previously granted. The increase proposed here would be of considerable moment to the holders of leases. As had been already intimated, if this law had been enforced last year the books of one large concern would have shown a debit instead of a small credit.

MR. R. G. LECKIE (Londonderry Iron Co.) desired to state that the effect the passage of the bill would have upon the manufacture of iron. At present the coke used in the manufacture of iron was made from slack coal. Slack coal had been free because it was an inferior product and contained impure matter. By bringing slack coal under the operation of the bill and imposing a royalty of ten cents a ton on it, it would make a difference to Londonderry mine in the furnace now going of many thousands of dollars a year. There were gentlemen on the committee who were aware that for the $3,000,000 expended by the Londonderry Company the shareholders had never received a penny of return. It takes two tons of slack coal to make one ton of coke, so that if the proposed royalty on slack coal is imposed it would amount to a tax of five cents a ton on coke, and this would be, as already shown, a very serious tax on the pig iron produced by the company. The rolling mill at present was carried on without loss, but also without profit. The imposition of the proposed tax would entail an absolute loss to the company. The company had been discussing the propriety of blowing in another furnace. If that were done the yearly loss would be still further increased. There never was a time when iron was as low as at present, and if the bill became law it would be a question whether the company could continue operations or not.

In answer to a question by Mr. Goudy, Mr. Poole explained that it was one of the express terms of the leases that coal "known as slack coal" should be free of royalty, and it was clearly a breach of covenant to require, as the Act did, that coal for the manufacture of coke should pay royalty, coke being almost entirely made from slack coal.

MR. G. E. FRANCKLYN (General Mining Association) concurred in what had been said. With regard to the bill providing for existing contracts, he thought, with an exception which he desired to point out, that it would meet the substantial requirements of justice. This spring he was in Montreal and made offers to the Canadian Pacific Railway Co. When he returned he found the notice of the proposed increase of royalty. The offer made the company, of course, could not be withdrawn. As the price of coal went down they had been obliged to accept a lower price. If they had not done so the company would have taken American coal and the province would have lost the whole of the royalty. As the contract was practically made before the reception of the notice, he thought that the coal, under the circumstances, should pay the old rate.

MR. H. A. BUDDEN, (Intercolonial Coal Co.) said that it was usual to commence negotiations for contracts early in January. He was engaged for from six weeks to two months in such negotiations before the actual closing of the contracts. Contracts had been made by his company amounting in all to 100,000 tons, of which a large portion went to the Canadian Pacific Railway. Contracts had to be made early in order to engage the tonnage required. Buyers could not be forced to definite terms. If one company did not meet their views another would.

MR. J. R. LITHGOW, (Glace Bay Mining Co).—While other companies holding leases prior to 1866 had the leases renewed, the Glace Bay Company did not take out renewals in 1866, but held the original lease, under which, in 1873, the company became entitled to renew on the terms of the original leases. According to that legislation they were only bound to pay six pence per ton, old currency, on round coal and have slack coal free. This being the case, it seemed like a breach of faith, when the time came to give the renewals, that they should not be able to obtain them. Suppose that in 1862 the Province issued debentures bearing interest at 6 per cent., to terminate in 1886; and suppose that in 1873 the Legislature enacted that the holders of those debentures should be entitled to renewals for periods of 20, 40 and 60 years at the same rate of interest. The consequence would be that the debentures would be increased in value. Suppose that ten years after the Legislature should enact that the holders of the debentures should have the renewals, but only at the rate of 4 per cent. That would look like repudiation, but it seemed to him to be a parallel case. Or suppose that he leased a property for a period of 20 years at a specified yearly rental, and the landlord said that he might have a renewal for a further period of 20 years at the same rate. Then suppose that when the time came to renew, the landlord said, "you may have your renewal, but you must pay an increased rental." That illustration was applicable to the present position of the holders of coal leases. They were entitled to renewals on the terms of the old leases, but the Legislature said, "You can have your renewals, but you must take the chance of what the royalty will be." He did not think that that was fair, and he did not think that it would be sanctioned.

MR. H. S. POOLE—The Province of Quebec found that money could be borrowed at four per cent., and proposed to substitute debentures bearing interest at that rate for the debentures upon which they were paying five per cent. The result was that they had not only to withdraw the bill, but the debentures of the province fell from par to 92.

MR. B. G. GRAY stated that he held three leases taken out under the statute which provided that the royalty was subject to revision and alteration. The legislation of 1885 changed those terms, and inserted a provision that the Legislature might increase or diminish the royalty. In interpreting this legislation, where the terms used were different, it would be held that the Legislature must have intended something different. If the first terms were equivalent to the last, the Legislature would not have found it necessary to make any change in them. He thought that the terms first used did not mean the same thing as the other. If the royalty could be increased in the way proposed, it could be increased every day in the week. He had contracts now current that had been made for six years. To "revise and alter" was a very different thing from to "increase and diminish." In order to encourage enterprise, the Legislature might have intended, under the first terms, to give power to remit royalties for a number of years.

MR. POOLE, read the following excerpt from a letter under date of 8th April, 1892, he had received from Messrs. F. H. Odiorne & Co., 86 State street, Boston:

"The parties (referring to certain Boston capitalists), have a bond only for the Inverness property, and they have written to the Halifax people that they shall not purchase, but will surrender their bond in case the Government raise the rate of royalty. There can be no question but that such action by your Government will prevent the investment of American money in your mines, and greatly injure the credit of your Government in all other matters. We shall be very glad if we can see any way in which we can aid you in this matter."

The following is the opinion of Drysdale Newcomb, and McInness, above referred to:—

35 BEDFORD ROW, HALIFAX,
April 6th, 1892.

DEAR SIR,—Referring to your conversation of yesterday with the writer, and to Mr. Clendenin's letter of the 28th ult., which we herewith return, we beg to say that it is our opinion, and we have no doubt that those words in your lease which provide "that the Legislature shall be at liberty to revise and alter the royalty imposed by these presents in or after the year 1886," refer only to the successive times for renewal, or possibly to some one particular time for renewal only, to be selected by the Legislature, and not to any time during the currency of the renewal terms. This construction appears to be very