

August, the Hon. Treasurer began to be anxious, and by a despatch, I suppose (though it does not appear in the documents on the subject of the loan), he addressed the Chemical bank with respect to the famous deposit. On the same day he received the following reply :

NEW YORK, August 23, 1887.

*Joseph Shehyn, Treasurer Province of Quebec, Quebec:*

No; nothing known at Chemical bank regarding the transaction.

[Signed]

W. J. QUINLAN.

The deposit had not been made. After the primary mistake of going to New York for the loan, and the remissness shown in having signed a contract with Mr. Nelson without asking for a guarantee, I blame the Government for not immediately breaking off all relations with the pretended syndicate and its representatives, and for having, for nearly five months, allowed the public credit of the province to be dragged through the markets of the American metropolis, at the mercy of men who could not execute their contract, and who were not even able to make the deposit of \$100,000 subsequently offered and accepted as a guarantee, in place of the three millions and a half of United States and New York city bonds.

All hope of a success, which kept constantly receding, being lost, the Government at last took counsel, in December, 1887, with an eminent New York lawyer what recourse for damages they could obtain against Mr. Nelson who, having dazzled our ministers by flashing his millions before their eyes, turned out to be completely impecunious. In his reply (which my honorable colleagues may read among the loan documents), Mr. Cardozo says that the Government's right is unquestioned, but he adds the two following phrases which have a lively interest :—

"Still it is a question of fitness rather than of right whether it is judicious to take action against him under the circumstances. According to the information that has been furnished to us, and after the behaviour of those people, it is not likely that Mr. Nelson is a man of any financial responsibility and a judgment obtained against him would result, I fear, in a profitless victory."

The ministry may make all the excuses they please, but they cannot quit themselves of the charge that, being entrusted with

an important financial operation, they assumed the responsibility of negotiating with a man who was incapable of fulfilling his engagements and neglected even to take the trouble of informing themselves as to the real position of that person. An attempt is made to explain the failure of the operation by the death of two of the chief members of the syndicate. The documents inform us, indeed, that a Mr. Ross and another person died shortly after the signature of the contract at Quebec. But I find nothing which proves that those two persons were capable of placing the loan or even that they formed part of the two famous syndicates. Did fatality pursue the negotiators of the loan, since two of those who, we are told, were engaged in the business, were stricken by death within a few days of each other? In such circumstances, the ministry ought to have become a little superstitious and have concluded that it was about time to have done with an operation that claimed so many victims. Mr. Nelson explained his failure to make the deposit agreed upon in the National Chemical bank to the considerable rise which had taken place in the interval in the securities on the market. I regret that the hon. Treasurer should have pleaded this excuse in his budget speech without assuring himself of its truth. I have ascertained that it was not well founded. I have made out a statement of the rates on the New York market from the 12th of August to the 14th of September, as published in the *New York Herald*, and I find that no such rise took place in United States securities. Two classes of securities were quoted, one at 107, the other at 127, and there was only a slight variation during the period in question.

The New York loan having utterly failed, it was necessary to make application elsewhere. And so an arrangement was concluded with the Credit Lyonnais. This time, at least, the ministers had to do with serious business men who were capable of fulfilling the obligations which they contracted. But the directors had wind of the fiasco at New York. They knew that the Government had got into a predicament and that they would regard as saviours those who came to their rescue. They accordingly availed themselves of their knowledge to obtain from the Government more advantageous conditions for the stock holders of the Credit Lyonnais. I do not blame those who have charge of the affairs of that important institution. They made the best