The balance is merely nominal, since the corps are always below their strength.

Examining the figures in these returns still further, it is to be noted that of 201 men who have completed their three years' engagement, 122 have re-enlisted, leaving only a net loss of 79 discharged as time expired. The re-enlisted men are invariably those drawing the higher rates of pay (viz., from 80 cents to \$1.25 a day) or those whose special employment gives them some extra emolument, in addition to their pay. It may, therefore, fairly be argued that a slight inducement, such as permanent Government employment after a certain number of years' service, would retain many more men in the service, to the great advantage of the militia.

On the other hand, there is an absolute loss of 103 men discharged by purchase before the termination of their engagement. The number of men, discharged as unsuitable from moral or physical causes, is very high, and denotes a want of care in the acceptance of recruits.

As I have pointed out, a large number of men, in the permanent corps, are withdrawn from the regular instructional duties, which consequently fall more heavily on the remainder, and I cannot but attribute to this cause some part of the dissatisfaction with military service, denoted by numerous desertions and discharges by purchase. When, as in these corps, the establishment is reduced to the narrowest limits, there is no room for mere show; and in the attempt to maintain it, there has been a serious sacrifice of efficiency. Steps will be taken to remedy this fault.

The value of the instruction at the different schools varies very much. This is to be judged by the results, noted in the various camps of the Active Militia. Their administrative system is in many 1 articulars defective, and is marked by a want of uniformity. This likewise produces an evident evil result in the Active Militia. The establishment of a uniform, practical and sound system of instruction, both in drill and administration, is absolutely necessary. This has been already taken in hand, a committee of officers of experience in military matters having been detailed by me to elaborate the scheme.

Whilst I cannot express myself as satisfied with the condition of the permanent force, I must bear witness to the excellent work it has done, in spite of many disadvantages. (Appendix C.) It possesses some excellent officers and non-commissioned officers, to whose constant devotion to duty, alone, is to be ascribed the marked results that are visible, in the superior training of every officer and man of the Active Militia that has passed under their instruction. The faults that I have noted are, in the majority of cases, due to primary defects of organization.

NECESSITY OF HIGHER MILITARY EDUCATION.

Nevertheless, it is desirable that a

exacted from the officers of the permanent corps, in order to fit them for the higher duties of instruction, which should be performed by them in time of peace; and to qualify them for staff duties in the event of war. As a rule, there is no lack of desire on their part to improve themselves, but they require the means and encouragement to do so. For this purpose the provision of military books, at the schools of instruction, is indispensible. A small annual allowance would enable each school to form a military library, to the great advantage of the active, as well as of the permanent Militia.

My object is to make the schools of instruction, not simply places for the acquirement of an elementary knowledge of drill, but centres of military thought, where officers of the militia can find encouragement and assistance in the study of military history, tactics, administration and other subjects. I see no reason why volunteer officers in Canada should not attain the same eminence, as experts in various branches of military knowledge, as many busy men serving in the English volunteers have done.

The practice of military exercises, at the schools of instruction, likewise requires encouragement, in order that their practice in the Active Militia may receive an impulse. For this purpose I obtained last year a grant of medals, from the Committee of the Royal Military Tournament in England, but owing to the absence of equipment (the cost of which is but small) no Infantry competitions have taken place. The advantage of the practice of such excreises, by all ranks of the Active M litia. is obvious. At present they labour under the difficulty of having no qualified instructors, such as should be found among the officers and non-commissioned officers of the permanent corps.

CHANGES IN THE PERMANENT CORPS.

Special mention is necessary of the permanent corps quartered at Winnipeg, Manitoba, and Victoria, B. C. Early in February, 1891, in consequence of repeated evidences of disorganization, I made an inspection of the Company of Mourted Infantry at the former station. The condition in which I found it was such that no measure short of complete and radical reorganization could have been of any avail. With the title of the Canadian Mounted Rifle Corps, it is now formed into a troop of cavalry, of the type I believe to be best suited to that region, and placed under the command of Captain Heward, late Cavalry School Corps. At my inspection in October it left little to be desired, and an entirely new spirit appeared to pervade all ranks, while the cost to the public has been reduced by about \$1,500 a year.

The condition found to exist in the late Company of Mounted Infantry, within one month of the publication of last year's annual report, and within four months of higher standard of instruction should be a special inspection by the Adjutant 1

General, confirmed me in my decision, to set aside the practice of receiving reports from Commandants of Schools, and to assume personally the responsibility for report, which is inseparable from the duty of an Inspecting Officer.

The strength of "C" Battery, Regiment Canadian Artillery, at Victoria, B. C., had in October last fallen to 53 non-commissioned officers and men. As recruits could not be obtained in British Columbia it became necessary to send out drafts from the eastern provinces. These to the number of 53 non-commissioned officers hnd men arrived there on the 7th October. 1891.

The state of the labour market in British Columbia is such as to render a regular supply of recruits impossible in that province, and the Department must look forward to being obliged to maintain the strength of this Battery by constant drafts from the eastern provinces.

ACTIVE MILITIA.

For convenience, I propose to deal with the Active Militia in the two categories into which it naturally falls, viz. :---

1. Corps receiving continuous training in district camps. (Appendix D.)

2. Corps performing individual drills at regimental headquarters. (Appendix E.)

With a few exceptions the former comprise the rural, and the latter the city corps of militia. It must be noted that the Militia Act recognizes no such distinction, but lays down the terms of service and liabilities of the militia generally. In practice it has been found necessary to relax the conditions of service in certain cases and thus gradually two classes have sprung up in the militia, differing from one another in their constitution as completely as in England the volunteer force differs from the militia. A system has grown up which is neither the volunteer nor the militia system, but which partakes of the faults of both, while the Militia Act has in many particulars become a dead letter.

The broad distinction between the volunteer and the militia system may be thus defined : In the former the Volunteer, by attaining a certain standard of efficiency, earns a capitation grant from the Government, payable not to himself but to the regimental fund, whereas in the latter, the voluntarily enlisted militiaman is entitled to receive, personally, a fixed rate of daily pay for service performed.

At present it is customary in many city corps, to require the recruit to sign an agreement, binding himself to hand over his pay to regimental or company funds. Such an agreement is not legally binding on the recruit; and where, as occasionally happens, he repudiates the agreement, he is merely exercising an incontestable right. The Captain or commanding officer may take action in a court of law to recover for breach of agreement, but under the Militia Act he can have no redress. I have not known a case where such action has been attempt-