

were not responsible, when the true reason for that demand was that you desired while unjustly shielding yourselves with the responsibility of your predecessors to obtain the resources necessary for giving effect to a policy that you were preparing, but thought well at that time to keep secret from the public. In spite of all the reasons against it, you contracted the loan. Nor can I leave that subject without speaking of the manner in which you conducted these important negotiations, as appears from documents deposited in the office of the house in reply to an address which I had the honor of proposing at the beginning of the session.

YOUR OPERATIONS IN NEW YORK

will remain legendary. In the first place, the idea of contracting a loan at New York was not a happy one. A little reflection would have warned you that you were exposing yourselves to misunderstanding from which the interests of the province would not fail to suffer. Everyone knows that New York is not a favorable market for the placing of state loans. And the reason is not difficult to perceive. Doubtless the metropolis of the American Republic is an extremely wealthy city. Its progress has been wonderful, and it bids fair to be one day the greatest city in the world. But the United States is not a country where much money is lent to foreigners. And why? Because the immense improvements which are made every year throughout the territory of the Republic absorb the national savings and even necessitate foreign capital. When it is considered that as much as \$400,000,000 is expended annually in the United States in railway building alone, and in the single city of New York from \$60,000,000 to \$70,000,000 for new houses, we cannot be surprised that our neighbors have constant need of all the capital which their powerful manufacturing and agricultural industries, and the ceaseless activity of their commerce may accumulate.

The two great money markets are London and Paris. A recent statistical document estimates at \$500,000,000 the annual accumulation of capital in England, to be disposed of by investments in the United Kingdom and elsewhere. England has more than ten milliards of dollars (\$10,000,000,000) invested abroad and in the colonies. At an average interest of four per cent., those ten millions would yield an annual

income of \$400,000,000, coming to England from all parts of the world. New enterprises in a territory already so encumbered and so limited in area as that of Great Britain could not absorb all that capital, a great part of which goes abroad again in search of investments as profitable as those which yielded it. The first mistake of the Government in the negotiation of the loan was to fancy that they could obtain in New York conditions as favorable as they would find in London or Paris. Having once taken the wrong path, they were sure to come to mischief. I am not disposed to be very severe in my criticism, knowing the cruel ordeal through which they had to pass in the interval between the end of August, 1887, and the beginning of the present year. Those were long months, I am convinced, and the memory of them will not soon perish in the minds of the Government.

The representative of a New York syndicate made a proposal with respect to the loan, which the ministry considered exceptionally advantageous. He offered 94 per cent. for the debentures at 3½ per cent. interest. What astonishes one is that they could for a moment have imagined it possible to place a provincial loan on such conditions on the New York market. The very nature of the offer ought, to my mind, to have put the Government on their guard, and to have prompted the enquiry whether they had really to deal with serious men of business. But the least suspicion does not seem to have entered their minds on that head.

Before signing the loan contract, the hon. treasurer and his colleagues ought to have fully assured themselves that the person with whom they were negotiating was in a position to meet his obligations. Mr. Nelson, who represented the syndicate, offered, in guarantee, to deposit bonds or debentures of the United States or the city of New York, at the "Chemical National bank" to the amount of \$3,500,000. It was all very fine on paper, but the agreement had the grave inconvenience of being signed at Quebec on the 16th of August, 1887, by the hon. treasurer and the attorney of Mr. Nelson while Mr. Nelson did not bind himself to make the deposit of United States and New York city bonds until on or before the 23rd of August, 1887, seven days later. The contract was signed, but in reality the Government had not a single dollar of guarantee that the New York syndicate would fulfil its obligations. On the 23rd of

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