

The undoubted facts to which reference has been made, give it, it will be conceded, a fair claim to consideration, but it is believed that the relief may be given in a way less calculated to raise complicated issues, and which, under circumstances believed to be parallel, has already been accepted by Parliament as an equitable arrangement in the case of one of the other Provinces.

## 2.—NEW PROVINCE BUILDING.

It would seem at variance with the provisions of the Union Act to make any special allowance on account of the Province Building at Halifax. It is true that this building, intended for services now under Dominion control, has been erected since the Quebec Conference, and has never been used by the Province of Nova Scotia, and that its cost goes to make up the total debt of Nova Scotia. But it is, nevertheless, Dominion property, as much as the Railways—portions of which have been constructed in the same interval—and it therefore stands on the same footing; except, perhaps, as to any outlay since July, 1867, which may form the subject of equitable adjustment.

## 3 AND 4.—PROVINCIAL NOTE CIRCULATION AND SAVINGS BANK DEPOSITS.

The points advanced touching the special character of these items, composing part of the debt of Nova Scotia, and as entitling her to be relieved from any charge of interest in respect of them, merit fair consideration.

It is stated that the Provincial Notes of Nova Scotia in circulation, amounting to \$622,458, bear no interest at all, and that the Dominion ought not, therefore, to debit Nova Scotia with a charge for interest which is not paid, and that besides some of the notes have been issued 40 years ago, and will never be presented for redemption.

Then as regards the Savings Bank deposits, amounting to \$657,610<sup>40</sup>/<sub>100</sub>, it was urged that they bear only 4 per cent. interest, and that a considerable per centage of the gross deposits would never be demanded; that, therefore, the Dominion ought not to charge more interest than if paid, and should absolutely reduce the capital of these two items of the Provincial debt.

The undersigned cannot wholly acquiesce in the view of the case as urged by Nova Scotia, but after a careful examination into the state of these accounts, he believes that a moderate per centage, not exceeding 10 per cent. of each, may, with propriety, be placed to a suspense account; that on this per centage no interest should be charged until the Dominion is called on for it by the holders or depositors.

The fact that the Provincial notes bear no interest, if it stood alone, might be a good ground for exempting Nova Scotia from a charge of interest on any sum beyond such per centage of the circulation as it was prudent to keep in bullion.

But a consideration of this question obviously involves a comparison of the rate of interest which the Dominion is called on to pay on the total liabilities of the several Provinces. Canada had a considerable circulation of Provincial Notes at the time of the Union which also bore no interest, and a large portion of her debts bore only five per cent. interest.

This comparison shows that the Dominion has to pay 5<sup>40</sup>/<sub>100</sub>ths of interest on the aggregate Nova Scotia debt, and but 5<sup>23</sup>/<sub>100</sub>ths per cent. on that of the former Province of Canada.