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"1. To increase the guarantee in £100,000 sterling from five per centum per annum for ten years, to £120,000 sterling at 7½ per centum per annum for twenty-five years.

"2. In lieu of the present or proposed increased guarantee, the Dominion Government to construct the dock.

"3. The Dominion Government to grant to this Province such sum of money in cash, in lieu of the guarantee in Section 12 of the Terms of Union, as may enable the Provincial Government to undertake the construction of the dock."

These resolutions were really the basis of subsequent negotiations with the late and the present Government respecting pecuniary aid for the dock, and they were based on Section 12 of the Terms of Union. Before he proceeded to quote other authorities on the subject, he might state that the present Government refused to give the \$250,000 as a bonus to the Province, but had offered to charge it as a debt against the Province. The next point was that there never were any communications with the Dominion Government asking it to loan money for the construction of the dock; but, in every case, after it was found that the guarantee of interest to private enterprise was insufficient, the communications with the Government were that they would grant a certain sum in lieu of the guarantee, or, in other words, pay to the Province a certain sum in lieu of that guarantee. It would be observed that those resolutions were passed before any communication was had with the late or present Government to grant to that Province such sum of money in cash in lieu of the guarantee. It would be observed, from those statements, that they had no intention to ask a loan. In 1873, after the passing of those resolutions, he wrote a letter to the then Minister of Public Works, the hon. member for Charlevoix (Mr. Langevin), in which were these words:—

"The intention of the negotiations of the Terms of Union, as you doubtless well know, was to secure the construction of a dock—first class. The guarantee, however, is insufficient, hence I advise you either to construct the dock at Dominion expense, or pay to us a lump sum of money of not less than \$250,000."

That letter, written to the ex-Minister of Public Works, in September, 1873,

showed that the question of borrowing money, or taking money as an advance to be charged against the debt of the Province, never was entertained by the Provincial Government. In the autumn of 1873, he came to Ottawa, opened negotiations with the late Government, and, in the absence of the hon. the Minister of Finance, he carried on negotiations with the hon. the member for Charlevoix, then the Minister of Public Works, with respect to this dock. When the hon. the Minister of Finance returned, it was arranged that the sum of \$250,000 should be granted to the Province to aid in the construction of the Graving Dock, and that in lieu of the guarantee to which they were entitled under the Terms of Union. He would read for the information of the House a letter of the hon. the ex-Finance Minister, addressed to himself on that subject:—

"OTTAWA, Nov. 3, 1877.

"DEAR SIR,—With respect to the conversation I had with you respecting the Dominion aid towards the Graving Dock, and your application to the Minister of Public Works upon the subject, I have consulted my colleagues, and we are prepared to submit to Parliament a formal proposition to the following effect: That in lieu of the interest of £100,000 for ten years, which was secured by the 12th Section of the Order in Council dated July 1st, 1871, we propose that advances should be made to you from time to time, upon certificates of the progress of the work, not on the whole to exceed £50,000 sterling.

"I have, &c.,

"S. L. TILLEY.

"To Hon. A. DeCosmos, M.P."

It would be seen from that letter that the Finance Minister of that day understood that the \$250,000 as to be paid to the Province from time to time, as a gift or grant, and not charged against the debt of the Province. The Ministry of that day retired, and the hon. gentleman who now leads the Government formed the present Administration. As his (Mr. DeCosmos') mission at that time was both to the Dominion and to England with regard to the dock, he considered it his duty, before going to England, to obtain the confirmation of the present Government to the agreement he had made with the late Government. He found, at the outset, that