

which it had contracted. Why did it refuse? Because it was afraid to avow before the general elections that it is still obliged to borrow.

The Conversion of the Debt.

The Mercier Government has compromised the public honor of the Province of Quebec, by its project for the forced conversion of the debt. On 10th July, 1888, they submitted to the House resolutions concerning this conversion of the debt. The fifth of these resolutions reads as follows :

“ Resolved, 5.—That it will be permissible, to the Lieutenant Governor in Council, to fix and determine the delay during which the holders of actual obligations will be able to exchange them for new bonds or claim their re-imbusement in cash, and to decree that after this delay, interest will accrue for all classes of bonds at the rate fixed for the new obligations.”

(See page 399 of the Journals of the Legislative Assembly of Quebec, 1888.)

By this clause the Mercier Government was authorized to repudiate the engagements which the Province had contracted with their creditors. This was an odious policy, and derogatory to the honor of the Province. The holders of provincial debentures had the right to an interest of five per cent up to the time that these debentures became due. Mr. Mercier caused to be passed a law, by which he pretended to oblige these holders to exchange these debentures of five per cent for debentures of four per cent, or else, to accept their payment in cash, that is to say, the payment of the face value of these debentures. If the creditors refused either one or the other of these alternatives, Mr. Mercier wished, by the same law, to reduce, from five to four per cent, the interest on