

pensation had been promised in case of success, in the form of increased subsidy.

The Provincial Treasury was empty when this money was required, and so recourse was had to the usual expedient of raising money by the issue of letters of credit, which were cashed by a savings bank, La Caisse d'Economie. The way the scheme was worked out would do credit to the most expert professional thieves. The pretence was set up that a Quebec stationer, M. J. A. Langlois, having entered into an engagement to supply paper to the public offices, was in want of means to carry out his contract. He therefore applies for an advance to enable him to fulfil his part of the bargain, and M. Mercier, February 23, 1891, replies that he is ready to do so to the extent of \$30,000. "Taking into consideration the importance of your contract," Premier Mercier tells him, "as well as the average sums paid for the purpose in the past, I can announce to you that the Government will pay to you or to your order the sum of \$30,000 six months this date, that is from the first March next." This was a good round sum to advance, but M. Mercier was at once told that it was not more than half enough. M. Mercier could not double the amount, within the date mentioned, but he added, "I have no objection, however, to tell you that the Government will pay you an additional sum of thirty thousand dollars (\$30,000) in one year from the first of March." Both M. Mercier's letters bear the same date, showing extraordinary expedition. "I hope," M. Mercier added in the second letter, "that this sum will be sufficient to enable you to faithfully execute your contract." It is quite plain that there was no contract which would cover anything like the amount of this advance, and that the real object of the advance was to divert money from the treasury for the purpose of influencing the Dominion elections. The clerk of the stationery department swore that the estimated amount of stationery used by the departments and the legislature was \$20,000, so the advance made would have covered a three years' supply. And after this advance was made there was no attempt to enforce repayment by Langlois in stationery. It is pretended that Langlois supplied over \$11,000 to M. Pelletier's department; a year's supply to the legislature and all the departments is only \$20,000. The evidence of this \$11,000 supply consists of a statement by M. Langlois that he had furnished that amount. But this, if accepted as correct, would leave \$49,000 of the advance to be accounted for, and we suspect M. Langlois can be required to account. When stationery was wanted it was for the most part bought elsewhere, and cash paid for it, or if Langlois supplied any he was paid like the rest, as if no advance to him had been made. The secretary's office bought \$400 elsewhere; the Public Works Department bought from M. Langlois to the value of \$700, and paid cash; the Legislative Assembly bought to the value of \$2,000 from M. Langlois, and paid cash. The total amount of stationery bought for the various departments, since the advance to Langlois, is \$11,197.70, all of which was paid for

in cash, \$2,000 of the amount going to M. Langlois himself. The departments were not notified that any such contract existed, or told to order against the advance made.

It is perfectly clear that it was never intended that stationery should be supplied in return for the \$60,000 advanced. The \$25,000 that went for Dominion election purposes could not be made to do double duty; it could not purchase election influence and stationery at the same time. When it went for the former purpose there was an end of it; the diversion, which must be assumed to have been intended from the first, was complete. When such methods exist, no one can say to what extent money put down as devoted to any particular purpose, went for some other.

In one sense, the system of Provincial subsidies may be held responsible for the profligate way in which the revenues of the Province of Quebec have been squandered. If there had been no subsidies and the Province had been obliged to raise a large part of its revenue from direct taxation, these things would have been impossible. Every new tax imposed would have been carefully scrutinized by the people who would have to pay it, and instead of calling for increased expenditure, they would have asked for reductions. And so long as the system of subsidies exists, the tendency to demand an increase, under all sorts of pretexts, will continue. In the past this has happened, and it will happen in the future unless some impassable barrier to further encroachments be put. The subsidies, as they exist to-day, constitute an obligation which cannot be repudiated. Good faith requires that the obligation should be scrupulously discharged. If they were capitalized, once for all, and their increase forbidden by a constitutional restriction, they would henceforth form part of the public debt, and the Dominion Treasury would be in a fair way of securing immunity from attacks to which it has hitherto been liable.

#### PRESIDENT DAVIDSON'S ADDRESS.

Becoming earnestness and gravity characterize the address of the president, Mr. John I. Davidson, before the annual gathering of the Toronto Board of Trade. Leaving for the present the subject of municipal affairs, which occupies a large portion of the address, we observe what is said upon the business outlook. While echoes of the Baring panic have been heard in many countries, Canada "has gone on her way undisturbed" thereby, which is attributed to the moderation of our people and to our excellent banking system. Referring to the increase of over seventeen millions of dollars in bank deposits during the year ended with November last, Mr. Davidson finds that "this increase in deposits is not necessarily an evidence of growth in wealth, but it is due partly to the ordinary profits of trade, partly to unusual economy, and partly to the stoppage of speculation in real estate and other things, all of which are causes for congratulation." We trust he is right with respect to increase of economy—there was room for it; and to decrease of speculation, which had done quite

harm enough. It would not be difficult to find merchants who would deny that it is possible to obtain nowadays what were lately considered ordinary profits. Present day profits are by many regarded as "ordinary" in the sense of mean or indifferent. It is quite true, as the address states, that retail business has been overdone in recent years. Every one sees this except the sanguine and foolish persons who persist year after year in adding to the ranks of storekeepers. And even importers who know better continue to assist such persons still further to divide the lessening profits of the body of retailers. Having regard to the bountiful cereal harvest in Ontario and Manitoba, Mr. Davidson finds the situation more cheering for these than for other parts of the Dominion; and he speaks eloquently of the grand heritage Canadians have in the Northwest.

Alluding for a second time to the deposits of nickel at or near Sudbury, the speaker dwells upon the opinion of the United States Secretary of the Navy, that the high carbon nickel Harvey plate is "undoubtedly the best armor plate ever subjected to ballistic test," to the probability that within a year or two the armor-producing capacity of the Republic may be quadrupled, and to the fact, that in pursuance of its decision to adopt nickel-steel for armor plates, the U. S. Navy Department has purchased nickel matte enough to produce 900 tons of nickel from the smelting works at Sudbury. These circumstances, he is not unreasonable in concluding, "are of great significance to us in Ontario, for we may depend that the nations of Europe will not allow their war vessels to be out-classed by those of the United States. We may therefore look forward with hope to an era of activity in the mining ores in the Sudbury region."

Discussing the iron ores of Ontario, the president again asks the oft-repeated question: "Why should not the Dominion of Canada produce its own iron and steel? Why especially should not Ontario produce a large supply of charcoal iron for export as well as for her own use, instead of depending on her neighbors for all that we require?" He perceives that we have a limitless stock of the fuel, the ore, and the flux, and argues that what we need is skill, energy and capital. Especially capital, one is sure to be told, if he talks to any expert on the subject of iron furnaces, for the reason that the cost of such works in the west of Ontario bears too heavy a proportion to our limited market to render their erection inviting to the capitalist.

On the matter of trade interchange between Canada and Great Britain, Mr. Davidson becomes sanguine. He thinks, but we cannot agree with him, that Col. Howard Vincent has made a great impression in Canada with his Imperial-discrimination-in-favor-of-the-Colonies scheme, and opines that we are coming within measurable distance of a commercial treaty between the mother country and this colony, involving preferences of course. However, we shall know more about this when the report arrives of delegates who are to be appointed by this board to a coming Con-