

There were, of course, broad political considerations involved in the Union, but in so far as the financial position is concerned, the Provinces of Upper & Lower Canada were neither more nor less than great corporations, and the principles which apply to their joint contribution of capital in the formation of the Union, and to the partition upon its dissolution, differ in no wise from those applicable to any other corporations, which combine and use their common property for their common convenience and profit.

I think, then, it cannot reasonably be doubted that the only course which is sound in principle, and will be found safe and effectual for carrying out a true division and adjustment of the debts and assets to be disposed of, is to regard the relation of the late Provinces, substantially, as a universal partnership, without necessarily applying to it the merely technical rules which have been created by the peculiarities and requirements of commercial partnerships.

The treatment of the Union as an association of the description indicated above, involves an examination of the rights and liabilities of each of the Provinces under the general rules of law appertaining to that kind of relation, and the consideration, among other questions, of one which is deemed to be of so much importance that it has been submitted in an isolated and prominent form, and the arbitrators have been urged by both parties to give a distinct preliminary opinion upon it. It is the question of the disposal of the debts and assets of the Provinces which existed at the time of the Union in 1841. It has been presented and argued chiefly with reference to the debt then due by Upper Canada. The amount of that debt was between five and six millions of dollars. It had been contracted chiefly in the construction of public works which were then unfinished and unproductive, and there were no available assets for meeting the debt or the annual interest upon it.

The pretention of Quebec respecting this debt is, that it makes part of the debts and assets which are to be dealt with, and that the arbitrators cannot disregard it in distributing the liabilities which each Province is to assume.

On the other hand it is contended in behalf of Ontario that the arbitrators cannot deal with this debt because it existed prior to 1841, within which date, it is said, their investigation must be confined, and beyond which they cannot go without exceeding the