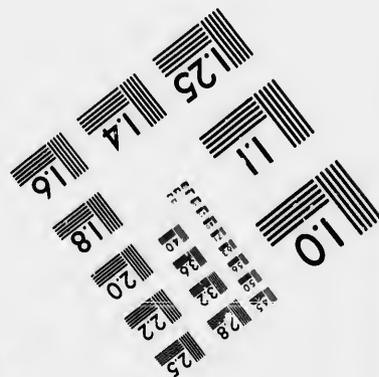
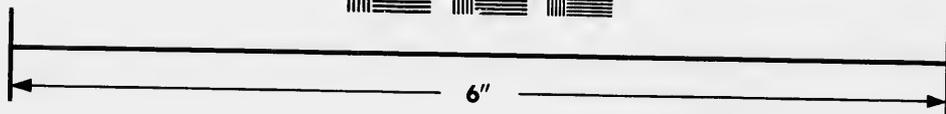
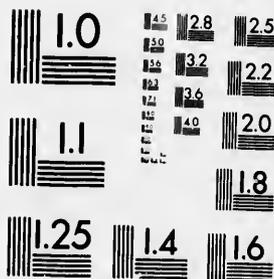


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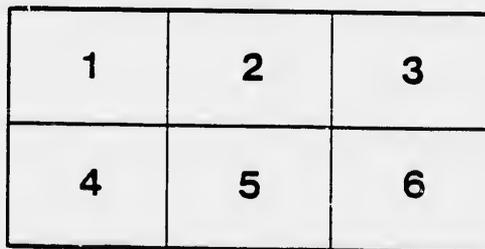
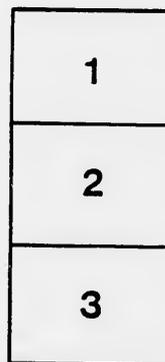
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SPEECHES

OF THE

HON. A. W. ATWATER, M. P. P.,

AND

FELIX CARBRAY, Esq., M. P. P.,

ON THE

BUDGET

---

Delivered on 9th February, 1899, in the Quebec Legislative Assembly

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QUEBEC

PRINTED BY L. J. DEMERS & FRERE

*Editors and Proprietors of L'EVENEMENT*

30, De la Fabrique street

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# ANSWER

BY THE

# HON. A. W. ATWATER

TO THE

BUDGET SPEECH OF THE HONORABLE MR. MARCHAND,  
PROVINCIAL TREASURER

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*Delivered on 9th February, 1899*

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MR. SPEAKER,

For the second time during the tenure of office of the present Administration it becomes my duty to reply to the financial statement of affairs of the Province which has been laid before this House by the Honorable the Treasurer. I had hardly expected when I last had an opportunity, that the Budget would have been presented by the Treasurer in the person of the Premier, as I thought, in common with other Members of this House, that the responsible duties of the Prime Minister would have absorbed his attention to such an extent that he would have found it necessary to have put upon other shoulders the serious work of controlling the finances, and I had also thought, as I expressed myself during the last Budget debate, that possibly he might have found an adviser among his supporters, representing one of the consti-

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tuencies of the City of Montreal who would have been ready to sacrifice himself in the interests of the Province and to assume the duties of Provincial Treasurer. I cannot refrain from saying, however, that I think under all the conditions of our government and with the constant demands that are being made upon the Treasury of the Province, that the office of the Treasurer is well filled by the Minister who for the time being may be the leader of the Government.

For the second time I have to congratulate also the present Premier and Treasurer upon the excellent literary character of his budgetary statement which is worthy of his reputation as a gentleman so well known in literary circles, but I regret to find that his experience in office has rendered him rather more adroit in the handling of figures so as to make them conceal the true state of the finances than was the case at the time that he delivered his first Budget more than a year ago, and his skill in presenting them has further added to what I may term their deceptiveness.

The honorable gentleman has tried with all the skill of language of which he is a master, to make it appear that the present Government, with himself of course as its head and mouthpiece, has been a veritable Moses who, if he has not already succeeded in leading this Province out of a wilderness of financial difficulties, is very near the borders of that wilderness, and holds out hopes of a promised land of plenty and surpluses in which his followers will be able at no distant date to indulge themselves to their hearts content, and which will make amends for the privations and hardships which they are now undergoing.

It is true that a good deal of the wilderness has been created by the honorable gentleman and it is of course his duty as a prophet to make the hardships appear as acute and real as possible in order that when the relief, if it ever does come, will be correspondingly appreciated, and, if it does not come, that his followers will be then so accustomed, to going without manna that in course of time they will come to like it rather than otherwise.

I hope, however, to be able to shew that the honorable gentleman so far from escaping from the wilderness which his imagination has conjured up, is rather getting deeper back into it and that he will find at the end of one or to more years

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that he has on the whole made a retrograde movement to that which was being followed for some years prior to his advent as Premier.

### THE PRETENDED DEFICIT.

The *pièce de résistance* of the Honorable Treasurer throughout the whole of his financial statement this year as well as last, has been the so-called enormous deficit which his predecessors left for the fiscal year which ended on the 1st June, 1897.

But for that deficit, he would appear to have little to complain of in the administration of the Province under a Conservative Government, and but for that deficit he would be unable certainly to draw any conclusions by which he could at all favorably compare his own administration with that of preceding Governments since 1892. If then, this deficit was explained or accounted for in any manner which would commend itself to thinking and intelligent people, the fabric of his criticism must necessarily fall to the ground. I quote the honorable gentleman's own words which he used in opening his speech that he delivered yesterday in which he says that "budgetary forecasts can never be made in a precise and infallible manner. They are subject to accidental circumstances which cause them in spite of the efforts of a government to undergo unexpected changes in certain services. It might easily happen that dullness in the lumber trade or a falling off in the number of licences granted during the year would cause a perceptible lowering of the receipts from these two important sources of revenue. It might likewise happen that an increase in the uncontrollable expenditure might in certain proportion add to the amount of the estimated expenditure." In this statement I entirely agree with the Honorable Premier and I only regret that he has not applied these remarks to the deficit for the year ended on the 30th June, 1897, out of which he has endeavored to make so much capital, as they are in every way applicable to it. Had the deficit of that year been due to normal expenditure as compared with normal receipts, or had the result been arrived at by comparing the revenue properly attributable to that year, with the expenditure, we might perhaps have admitted its accuracy.

But this was in no sense the case.

In the first place the financial administration of that year was not entirely in the hands of the late Government. The present administration took office in May, 1897, and I assert now, as I did last year, that between the time of their assumption of office and the close of the fiscal year, they did everything that it was possible for them to do to increase the expenditure and to defer the collection of the revenue, in order that they might create as large a deficit as possible, and that they themselves would start their first year of financial administration with a clear sheet and no outstanding current liabilities to provide for.

No further or better proof of my assertion in this respect is needed than the fact that between the 26th May, 1897, and the 1st July of the same year, they had taken no less an amount than \$281,600 by special warrants in order to pay pretended claims which in the ordinary course would not have been paid until an appropriation had been made by the Legislature for that purpose, and they not only raised by these means enough to pay these pretended liabilities but they had left on hand out of the proceeds of these special warrants, at the end of the fiscal year, over \$23,000.

I will touch, later, on the importance and significance of the system of taking special warrants. Perhaps it is unnecessary for me to remind the members of this House that special warrants are only authorized by law in special and exceptional cases where no appropriation has been voted by the representatives of the people and to meet absolutely unforeseen and unprovided contingency.

The claims which these special warrants were used to pay came in no sense within the letter or the spirit of the law which authorized their issue, and, if they were legitimate liabilities of the Province, they should have been included in the supplementary estimates which would have been laid before the House during last session, and have afforded an opportunity to the representatives of the electors to have discussed and voted upon them in which case it follows without saying, that they would have appeared as an expenditure, not of the year which closed on the 1st July, 1897, but of that which closed on the 30th June, 1898.

As further proof of my assertion that the collection of revenue was deferred, we may instance the receipts from the

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Department of Crown Lands. It is impossible from the accounts and statements presently before the House to estimate with exactitude the precise amount earned and properly attributable from this service to the year 1896-97, which was only received during 1897-98. But by a comparison of the receipts for the three years terminated respectively on the 30th June, 1896, 1897 and 1898, we can arrive at a fairly approximate estimate. The receipts from this Department for the year ended the 30th June, 1896 were \$1,045,310. For the year terminated on the 30th June, 1898, \$1,087,042, while for the year terminated on the 30th June, 1897, they are stated to have been only \$879,893. By certain returns also which were laid before this House during the last and the present session, we find that from the first July to the 31st December, 1897, that is, during the first six months following the commencement of the fiscal year, there was received from Lands, Forests and Fisheries, \$448,940, while for nearly the same period of time for the previous financial year the receipts were only \$194,339, and for the first six months of the present fiscal year the receipts have been \$515,727, from which should be deducted, in order to arrive at ordinary revenue, the proceeds of sales of timber limits and licenses, amounting to \$135,000, leaving a balance of \$390,000, as ordinary revenue.

It is impossible to come to any other conclusion from these figures than that during the first six months of the year which closed on the 30th June, 1898, an amount of upwards of \$200,000 was received from revenue earned prior to the 30th June, 1897, and properly attributable to that year. The revenues of the Province from this service of Crown Lands came from well defined sources and it is reasonable to expect and to hope that they will gradually increase as our products come into greater demand, but it is not contended that there was any cause or reason why the revenues should be less in 1897, than in the years which preceded and followed it, except the fact that the collection of them was deferred.

Apart from these tactics of the present administration there were expenditures during the fiscal year which closed on the 30th June, 1897, it would have been impossible for the Government of the day to have abstained from making, and which were not only not normal expenditures, but were in discharge of liabilities not of their own making, but left to them as a legacy by a preceding liberal Government.

In many cases the Government of the day had sought to save the Province the expenditures which these payments involved, even by contesting the Province's liability therefor before the Courts, but unsuccessfully.

I may be permitted to enumerate a few of these payments which swelled the expenditure of that year, viz :	
Amount paid to Messrs Perrault & Mesnard in settlement of petition of right brought by them against the Government under a contract made with them by the the Department of Public Works during the Mercier administration.....	\$27,565.00
A similar claim of one Dussault .. . . . . .	14,578.00
Claim of the Waterous Engine Company.....	2,178.00
Amount of award under arbitration to P. Vallière for furniture supplied Montreal Court House..	22,000.00
Amount of judgment in favor of Charles Berger, resisted by the Government, and incidental expenses.....	117,916.00
To heirs of G. Amyot in settlement of the claim for \$11,000.00 for services contracted for by the Mercier administration.....	4,000.00
Balance of price of property on Grande Allée purchased by the Mercier administration.....	30,000.00
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Total of obligations contracted prior to 1892..	218,237.00

Add to this :

Extraordinary surveys required for the opening up of Crown Lands .. . . . . .	25,655.00
Grant to the Ursuline Convent, Roberval, on the occasion of the lamentable fire which occurred in the winter of 1896-97 and which was concurred in by both sides of the House, .. . . .	2,500.00
Amount paid to the Montreal Exposition Company by the present administration in June, 1897.	28,000.00
For Colonization and Farmers' Clubs.....	71,148.00
Bonuses to Teachers and Poor Municipalities....	27,000.00
To the Protestant Hospital for the Insane, Montreal .. . . . . .	8,300.00
And extraordinary expenses in connection with administration of justice .. . . . . .	96,000.00
Election expenses.....	75,379.00

Revision of electoral lists.....	15,380.00
Revision of Code of Civil Procedure.....	18,500.00
Grant to the Indian Famine Fund.....	4,000.00
Extraordinary expenses in connection with arbitration proceedings between Quebec, the Dominion and Ontario.....	3,996.00
	<hr/>
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And we get a total of extraordinary, unforeseen and abnormal expenditure for the year in question of nearly \$600,000 an expenditure which had it not been made by the late Government, when in power, would inevitably have to be made by the present Government, and which I repeat was not due to any fault of administration on the part of the Government which made the expenditure and, as a large number of the items themselves shew, were for liabilities which were not even of their own contracting, or the contracting of any preceding Government since 1892 when the Conservative party succeeded to power.

The Honorable Treasurer has stated that the deficit for this year which ended on the 30th June, 1897, was \$810,184. He has been careful for the sake no doubt of reducing his own deficit in the year which has just closed and for which the Government is entirely responsible, to eliminate all items which might savor of extraordinary expenditure, as he must have adopted the same principle in making the comparison of his own receipts and payments. But if, as I insist, should be the case, these expenditure, which I have mentioned are to be regarded as extraordinary expenditure, and if we add to the amount of the receipts properly attributable to the year which closed on the 30th June, 1897, and which were collected and credited to the following year, which I venture to assert would amount to at least a sum of \$200,000, the pretended deficit would not only disappear, but would leave a surplus of ordinary revenue over ordinary receipts.

#### A FAIR COMPARISON.

For a fair comparison of the expenditures during an entire year of the Conservative administration and of a year under the present administration, I would invite the honorable

gentleman's attention to the expenditure in the different services between the year which closed on the 30th June, 1896 and that which closed on the 30th June last, as follows :

	1895-96	1897-98	Increase.
Legislation.....	\$195,549	\$210,910	\$ 15,361
Civil Government .....	253,401	282,585	29,184
Administration of Justice....	568,544	618,379	49,835
Public Instruction.....	382,759	434,260	51,501
Agriculture, Immig'n & Col..	286,814	307,476	20,662
Public Works and Buildings.	156,029	178,167	22,138
Charities, etc.....	326,078	339,375	13,297
Miscellaneous Services.....	373,581	388,420	14,848

Making a total increase of. .... \$216,826

The Honorable Treasurer has taken great credit to the Government and to himself for the pretended reduction in the expenditure of the different public services as compared with the preceding year. I have endeavored to point out the causes of the extraordinary expenditure of that year, the total amount of which was, of course, distributed amongst the different services according to the nature of the payments. But even with all these reductions he cannot deny that in almost every item of his expenditure he has exceeded the amounts which were voted by the House for the fiscal year 1897-98. The respective excesses are as follows :

Legislation.....	\$ 15,232
Civil Government.....	26,013
Administration of Justice.....	42,989
Public Instruction.....	54,000
Agriculture and Colonization.....	38,676
Miscellaneous Generally.....	20,729

It was only in the Department of Public Works that the expenditure has kept within the estimates. It is an old saying that the exception proves the rule, and if it could have been done in one Department, surely it might have been done in others. The honorable gentlemen may answer that the estimates were too low for the purposes for which they were

intended, but, in reply to that, I find by comparison of the estimates for that year with the estimates for the coming year which are now before the House, that no augmentation is asked, and it is reasonable to suppose that if the Government is sincere in their statement of the amount which they ask the House to vote and which they declare to be sufficient for the coming year, that they might have lived within them in the past. In spite, however, of all the statements of the members of the Government and of their supporters and their promises and assertions of economy, what does an examination of the Public Accounts demonstrate beyond question.

As I have already tried to shew,—at the beginning of the fiscal year 1897-98 the Government started with as clean a sheet as it was possible for them to have. They started, moreover, with a balance in their favor of uncollected revenues which would help to swell their receipts, and yet by the honorable gentleman's own statement, confirmed by the Public Accounts, and confirmed also by the summary which, according to the Resolutions of the House, was published in the *Official Gazette* as soon as possible after the close of the fiscal year, and attested by the signatures of the Assistant Treasurer and of the Provincial Auditor, we find that his ordinary expenditure has been \$4,351,778.05, while his ordinary receipts have only amounted to \$4,112,547.30, leaving a deficit of \$239,230.75. This statement is calculated on the exact basis upon which the Treasurer in his last Budget Speech made out that there was a deficit for the preceding year of \$984,043 and which figures on every available opportunity since then we have had occasion to hear so much of, not only in this House, but upon the hustings and even incidentally referred to in the Speech from the Throne with which the present session was opened. The Honorable Treasurer now seeks to reduce that deficit to \$187,000 by lopping off certain items which I presume he considers, should be considered as extraordinary expenditure. I ask him to follow the same rule with regard to the expenditures which he has charged to our account and as I have repeated before, the deficit which he pretends was left by his predecessors of ordinary expenditure over ordinary revenue, would entirely disappear.

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### THE CLAIM OF ECONOMY.

I may be permitted, Sir, at the risk of wearying the House, to examine somewhat into the expenditures which have been made in the different services during the past year and to see how far the claim of economy has been well founded. I will grant at the outset that the Government have adopted and have apparently so far stuck to a policy of doing nothing though how long it may be in the interest of the country to continue this policy is a matter upon which there may be considerable difference of opinion. But in the administration of different services we find that economy in the sense of decreasing the expenditure even as compared with the years immediately preceding was not always the rule. For instance, taking the expenditure for legislation, it is claimed that there has been a total decrease in this service of \$77,713 as compared with the previous year. But under this head in a previous year were two items, one for the costs of the general elections, \$71,165, and the other for the revision of electoral lists, \$12,225 making a total of \$83,390. Perhaps honorable gentlemen opposite would have wished that we would have saved the country the first item and so far as we on this side of the House are concerned, we might have shared in saving the country this expense, but in that case I would not have had the pleasure now of replying to a Budget of the present Treasurer. On the other hand, we find that the expenses of the Legislative Assembly have increased in 1898 over 1897 by \$1,768, while there has been an increase in printing and binding of \$5,720. I should give credit, however, to the Legislative Council for having reduced the expenses of that House by \$906, a state of affairs which may possibly lead to an agitation for the abolition of the Legislative Assembly in favor of a single House composed of the Legislative Council. There is also included to the debit of this service for the preceding year the sum of \$2,100 for trunks for the Members, but this is an item which has been regularly included as an expense attendant to the commencement of every new Legislature for many terms past and I am not yet aware that any of the Members on the Government side of the House have refused to accept of the articles thus provided for and with which we are charged. Under the head of Administra-

tion of Justice we find increases in the Building and Jury Fund, in the Salaries and Expenses of Coroners and Expenses of District Magistrates, in the Police and the Transcription of Registers in the Registry Office in Montreal East, aggregating in all over \$8,000. In the Department of Agriculture we find that the present Government have exceeded the appropriation by a sum of over \$20,000, following the same principle in this respect as they so severely attacked their predecessors for,—presumably because it was found necessary for the furtherance of Colonization and the improvement of Roads, a principle which commended itself warmly to the late Government and particularly to the late Minister of Agriculture, and we think that the country will be disposed to foregive the expenditure in this respect even if it should err on the side of being excessive. In Miscellaneous Services we find increases for Revenue Collectors, Pensions and Special Pensions and for Salaries and Expenses of Registry Offices and for Sequestration proceedings in the matter of the Baie des Chaleurs Railway, amounting in all to nearly \$9,000. A comparison of the expenditure for these services with the preceding year would appear to shew a decrease of over \$100,000, but it was to these services that the grants to the Amyot heirs, the Indian Relief Fund and the Claims of Dussault and the Waterous Engine Company to which I have already referred, were charged. Even in the Department of Public Works, there have been increases of expenditure for the Court Houses in Terrebonne, Montmagny, Hull and Quebec, of over \$22,000, and for the Jacques Cartier Normal School, new bridges and bridge over the Grande Rivière, of \$17,000. In connection with this Department, a great deal of the extraordinary expenditure preceding the 1st July, 1897, was made in connection with the Montreal Court House and Gaol which may be properly attributed to Capital account and an asset of the Province. To the Commissioner of Public Works would ask not to take credit to himself for not spending as much as his predecessors when those predecessors have constructed buildings and works which they have left with but little to be done in respect to them for some years to come. We shall await the construction of some new Court House, possibly in Sherbrooke, to see how far he can keep down expenses of his Department so as to remove from the Public Accounts the items for extraordinary public works.

### §374,765 IN SPECIAL WARRANTS

But in addition to the increased expenditure which I have indicated as having been made in certain services by the present Government, they have gone farther.

Between the dates of the last session of the Legislature and the opening of the present session they have taken the sum of \$93,137.57 in Special Warrants.

As I have already stated, special warrants should only be taken and can only by law be taken in the event of some unforeseen and unexpected expenditure at the time that the supplies are voted by the Legislature, at the preceding session. The principle, it is needless to state which lies at the foundation of the British system of constitutional government is that supplies must be voted by the elected representatives of the people to and for the use of the Crown and that unless such supplies are voted the Government of the day have no right to use the public moneys. The provision by which a government may under certain exceptional circumstances expend money not voted by the people is designed to apply only to cases which could not have been foreseen or provision made therefor at the time of the grant by the Commons. To pretend that because the Government had exhausted an appropriation before the time which the appropriation was designed to cover and which they had led the people to believe was sufficient for the purposes for which it was voted, would entitle the Government to take a special warrant to supplement that vote, is in direct violation of the principle by which supplies are granted and admits of no justification in law or in the constitution.

As an authority on this subject, I may be permitted to quote the words of the gentleman who has had the longest experience of any member of this House and who is in fact the Dean of this House as well as presently occupying the position of Prime Minister and Treasurer. In 1884, during the administration of the Ross Government and while the present Honorable Premier was occupying the position of one of the leaders of the loyal opposition, the Honorable gentleman seconded by the Hon. Mr. Mercier, moved a vote of want of confidence against the then Government in which he stated that " the Ministry has approved of all the adminis-

trative acts of all the Conservative governments which have preceded it, notably so in issuing special warrants to discharge expenses not authorized by this Chamber." The honorable gentleman undoubtedly took a correct constitutional view of the question at that time and I regret to say that he has departed from this principle so far as to cause to be issued between the time that he assumed office, on the 26th May, 1897, and the 19th October, 1898, a period of less than eighteen months, no less a sum than \$374,765 by the very means of special warrants which he himself condemned and which I think I may safely assert were all for payments which might well have waited the action of the Legislature or have been reasonably provided for by a precedent vote and all of which should have been submitted to the consideration of this House before being sanctioned or put at the disposal of the Government.

Honourable Mr. SHEHYN :—Does the Honourable gentleman pretend to say that no special warrants were issued under the conservative administration.

Honourable Mr. ATWATER :—I do not pretend to say anything of the sort, but I do say that we condemned the practise, and that we will endeavour to hold the liberal party to the professions which they have been making for years while in opposition.

One of their chief subjects of attack on the conservative party was that the latter had issued at different times special warrants for the payment of moneys not sanctioned by this House, and this was reiterated from session to session, and from time to time over a long period of years. Yet we find that within six weeks of their taking power they issued more special warrants than can be laid to the door of any immediately preceding conservative government, and for purposes for which the issue of special warrants was entirely illegal. Moreover we find them issuing special warrants for the payments of moneys which they were warned in advance would require to be voted by this House: a state of affairs which never happened under a conservative administration.

I have already stated that the \$281,000 and upwards which the Government appropriated without the vote of this House, to make payments, with indecent haste, before the end of the fiscal year, was not taken for matters of urgency, but simply

to leave a clean sheet for the present administration and to swell the apparent deficit of that year.

The first essential for the issue of a special warrant is that the occasion for the expenditure of the money should have been unforeseen and of absolute urgency.

What excuse can the Government give for the issue of warrants when the expenditure was not only foreseen, but their attention was called to it in this Assembly.

During the last session of the House the attention of the Government was called, not indirectly or obscurely, but by a formal motion made by the Honourable member for Joliette (Mr. Tellier) which is recorded in the Journals of the House, to the fact that their Appropriation for the current year for the expenses of surveys was altogether inadequate, and the Honourable Member moved that the House should protest in advance against all expenditure which the Government might deem advisable to incur by special warrant, after the present session, by reason of the insufficiency of the Appropriation.

Again, during the same session, standing in my place in this House, on the item of \$12,000 for the protection of forests, I called attention to the fact that the appropriation for that purpose voted for the year 97-98 had been entirely expended on the 8th December, 1897, and that the Government had made no provision for the expenses of this service for the balance of the fiscal year. And I protested then against any expenditure by special warrant, and against any engagements being entered into by the Government without the regular vote of this House.

What do we find Mr. Speaker? By the statement of special warrants submitted to us by the Government on the 13th day of January last, it appears that the Government issued special warrants between the sittings of the House to the extent of \$93,137, the first being issued on the 12th March, 1898, and the last on the 19th October, 1898, and included in these amounts we find a special warrant in June for \$4,000 for the protection of forests, and in October one for \$17,743 for Surveys.

I protest again, Mr. Speaker, that the Honourable gentlemen cannot point to a similar warning given to a conservative administration, and to a similar cynical ignoring of the principles which govern the expenditure of public moneys.

It is easy for the Government to claim credit for an economical administration and for low estimates, when they reserve to themselves the right of making their own appropriations without the sanction or vote of this House.

They have violated not only the constitution and the law, but all the pledges which they gave and the protests which they made when in opposition.

### TRUE FACTS

Before passing on to the consideration of the Accounts for the present year and of the Estimates for the coming year, I may note that the Honorable Treasurer takes credit to himself for decreases in the amounts paid for railway subsidies, and for repayments of railway guarantee deposits.

These decreases are certainly not due to any action on the part of the present Government. They are simply liabilities of the Province which have gradually run off, and which will still further decrease until finally they will disappear from the Public Accounts.

It is not in the power of the present Government to reduce them by so much as one dollar, and if they have attained their comparatively small dimensions, it is because for five years before the advent of the present Government to power, a determined and continuous effort had been made by preceding administrations from 1892 to 1897 to extinguish this liability, and it was for this purpose that the Conservative Government adopted the courageous method of imposing taxes, which, when their purpose was largely effected, they removed as far and as soon as possible.

The Honorable Treasurer will not deny that the Province has not in hands the funds to meet these subsidies and to repay these railway guarantee deposits.

The moneys borrowed for the first purpose and the moneys received from the railway companies for the second, were diverted prior to 1892 by the Government which received the moneys, to other purposes.

Adding these payments, which will of course have to be met as they are obligations of the Province, to what the Honorable Treasurer calls ordinary expenditure, we find that the total expenditure for the year just closed was \$4,885,162.48,

and the receipts \$4,176,139.63, leaving a total deficit of \$709,022.85, by which the debt of the Province has been augmented by the operations of the last fiscal year.

### THE CURRENT YEAR

As regards the operations of the current year, it is impossible to arrive at a definite conclusion as to how far the Government is living within the promises it made until the close of the year on the 30th of June, but when the Honorable Treasurer made his financial statement at the last session of this House and brought down his Estimates for the current year, 1898 99, he announced with much flourish of trumpets and self-gratulation that they called for much less expenditure than the estimates of the previous year had done. Notwithstanding this fact they failed to live within the estimates which they had so sharply criticised, and we find them now asking for supplementary estimates for over \$67,000 to say nothing of the special warrants which they have taken since the beginning of the present fiscal year.

On an examination of the statements just laid before the House of the payments on differents services from the first July, 1898 to the 18th January, 1899 a trifle over half of the current year, we find that in several instances much more than half of the total appropriation has been already exhausted, thus in Civil Government out of a total appropriation of \$270,626, \$163,725 has already been expended.

In the administration of Justice out of a total appropriation of \$548,710, the sum of \$325,301 has already been expended.

In Agriculture, out of a total appropriation of \$159,650, there has already been expended \$131,633.

In Lands, Forests and Fisheries, out of a total appropriation of \$124,000 there as already been expended \$90,400.

In Colonization and Mines, out of a total appropriation of \$122,500, there has already been expended \$133,173 !!

And in Miscellaneous Services, out of a total of \$171,000, there has been expended \$99,361.

It requires only an elementary knowledge of arithmetic and a calculation of what still remains to be paid during the remaining six months, to arrive at the conclusion that the march toward the much talked of equilibrium is not going to

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advance with any rapid strides during the progress of the current year.

I can only hope that the Government will not resort to the ready expedient of taking more special warrants when it finds itself, as it is likely to do before the end of the year without funds, because I repeat that these are not cases where special warrants are justified or legal.

At the time when he delivered his last Budget, the Honorable Treasurer expected a surplus of something over \$40,000. I ventured at the time to express my doubt as to the possibility of his surplus being realized, and the figures which I have just cited would tend to justify the doubt I then expressed.

### THE COMING YEAR

Turning to the receipts and expenditure for the coming year, I find that the Treasurer has not been so sanguine in his anticipation of a surplus as he was last year.

He estimates his receipts at \$4,174,899.

And he estimates his expenditure of \$4,177,775.

This would show a small apparent deficit of \$3,000, but a very slight analysis of his total estimated receipts would show that he is extremely liable to be disappointed in their realization.

For instance he estimates his revenue from Crown Lands at \$1,050,000 a figure which it would be extremely difficult to realize, and which has never yet been reached.

He estimates the duties on successions at \$225,000 a tax which last year only realized \$163,000.

When the late Government predicted a revenue from this tax for the year which has just closed of \$200,000, I well remember that different members of the then Opposition, and who are now members of the Government, claimed that the figures were altogether excessive; and yet we find that they are even more sanguine than we were in this respect.

Honourable Mr. MARCHAND:—I can inform the Honourable gentleman that up till now we have collected \$100,000 for the current year from this tax.

Honourable Mr. ATWATER:—I congratulate the Honourable Premier on his success, but regret that it must necessarily have been caused by the deaths of a number of our people.

It still however leaves him far short of the amount which he will require from this source of revenue during the current year, and I think that if he has any information as to the parties who intend to die in order to help the Province in this respect, that he ought not to keep this information to himself but should take us into his confidence. It is a certainty at all events that he intends to rely upon this tax as a source of revenue, and not to abolish it.

From direct taxes on commercial corporations they estimate a revenue of \$160,000, a sum which was exceeded last year, but principally on account of the collection of arrears properly attributable to former years.

As regards the two latter sources of revenue which aggregate no less a sum in the estimates than \$385,000, it is apparent that their inclusion in the estimates may be taken as a direct and unequivocal answer on the part of the Government to a question which was put to it a few days ago in this House, and that it does not intend to remove these taxes.

On the other hand it is safe to predict that the estimated expenditure will be exceeded in the coming year as in the present and as in past years.

There is one marked decrease in the estimates for the coming year which compares favorably with the estimates for the past year, and that is the estimate for interest on the Public Debt for the year 1899-1900 which is less by \$5,107,000 than the appropriation for the same purpose for the year 1898-99 and which difference can be accounted for by the reduction in interest charges effected by the conversion of the Public Debt.

It is the first appreciable sign of the benefits of that measure and one which bears out the predictions which were made at the time that it was undertaken, and I venture to hope that as it proceeds the result will be proportionately felt and appreciated.

#### **PUBLIC DEBT**

The Treasurer has asserted that the debt of the Province has been increased by the late Government and its immediate predecessors. I would call the attention of this House again to the fact that during the entire period of Conser-

vative Administration from 1892 to 1897, that they did not take authority to borrow, except in 1896 when they took authority to borrow an amount sufficient to discharge a long outstanding liability in respect to the second 35 cents due to railway companies on their land subsidies converted into cash at the rate of 70 cents per acre. The amount necessary for this purpose necessitated the issue of a loan of \$1,360,000 for which 3 per cent inscribed stock was issued netting 90 cents on the dollar, or at a rate rather better than a loan at par bearing 3½ per cent. In return for this a liability of over \$2,500,000 disappeared from our Public Accounts, and the lands which were liable for this payment released and are available as a source of revenue and of profit to the Province.

Any deficit in the operations of a year must necessarily also become a future liability on the part of the Province, and in exacting payment of this liability a creditor necessarily makes no distinction as to whether the payment is to be charged to extraordinary expenditure or to ordinary expenditure, and there is no escape from the fact that by the operations of the one year which closed on the 1st July, 1898, the debt of the Province has been augmented, and the excess of liabilities over assets is the exact sum of the total deficit: namely the sum of \$700,000.

There seems to be a probability also that this excess of liabilities and the Debt of the Province will be further increased by what we can see of the operations of the present and coming year.

#### DEBT CONVERSION

I cannot conclude without a reference to the plans which were inaugurated under the late administration to convert the debt of the Province.

As the House is aware, under the authority of 60 Vic., chap. 2, the late Government made a contract with the Bank of Montreal for the conversion of the entire debt, with the exception of the Paris loan of 1894, on a 3 per cent paying basis.

The object that the Government of the time had in view was two-fold. In the first place to reduce the rates of interest on the debt, and in the second place to make all the different loans of the Province bear a uniform rate of interest of not more than 3 per cent per annum.

Up to that time with the exception of the Paris loan of 1894 none of our bonds bore a lower rate of interest than four per cent.

The issues of 1874-1876-1878-1882, Quebec, 1882, London, bore five per cent.

The issue of 1880 bore four and a half per cent.

The issues of 1888-1894-1896 bore 4 per cent.

One result of having these different rates of interest was to unsettle the value of the bonds on the money markets, and the loans which bore the lower rates of interest suffered out of proportion to the difference in value between them and those which bore a higher rate.

The contract by which the Bank endeavoured to effect the conversion was for a limited period, expiring on the 1st May, 1899, and certain rates were established upon the basis of which all existing bonds would be redeemed and new inscribed stock issued in their place bearing the lower rate of interest. The 3% inscribed stock was to be issued at the rate of 90 per cent and the existing bonds redeemed at a rate which would yield to the holder not more than three and a half per cent on the value of the bond which was redeemed, calculated upon the length of time which the bond had still to run.

It was of course an inevitable consequence that more inscribed stock should be issued than the face value of the existing bond, but a careful actuarial calculation established that the saving in interest charges more than compensated for this additional debt.

Provisions were also made by which for every bond converted a sinking fund should be established sufficient to extinguish at the expiration of the loan period of the inscribed stock, the additional debt.

The best proof that the contract was carefully and well made is the fact that up to the 1st July, 1898, that is after the matter had been in the hands of the bank for a period of 14 months only \$3,371,553.33 which included a large portion of the loan of 1896, which bore a rate of interest of 4 per cent and had practically the same length of time to run as the 3 per cent stock which was issued in exchange for it.

After providing for the sinking fund to extinguish the increased debt created by the conversion, the Treasurer admits an annual saving on this amount of \$4,778.00 which practi-

cally extends for a period of 40 years, and which would aggregate in that period a nett saving to the Province of \$179,000.

The sinking fund appears on the statement in the public account of the public debt as an investment and asset of the Province.

Since the 1st July last, according to the information furnished by the Premier, there has been a further sum of \$3,571,790 converted of different loans.

It is almost impossible without fuller information than is presently before the House to state the exact saving in interest which results from the conversion of these additional amounts, but as nearly as I can estimate, the nett saving in interest charges already amounts to about \$30,000 per annum or possibly more, and the decrease in the Treasurer's estimates for the coming year in the way of interest charges on the Public Debt seem to indicate that he would anticipate that the amount would reach \$50,000 during the coming year.

The whole amount of the debt so far converted amounts to \$6,943,343 which is only about a quarter of the Public Debt susceptible of conversion.

I predicted at the time when the proposition for conversion was laid before the House that the nett saving would be nearly \$200,000 and the results so far, I think, have justified my expectations.

The Honorable Treasurer does not fail to lay stress wherever he can on the fact that the debt has been augmented by the conversion. I have never denied it nor did we ever deny it when the act was introduced, but the sinking fund employed provides for this, and at the termination of the loan period for which the inscribed stock is issued the increased debt must necessarily be wiped off by the sinking fund, leaving the debt to be discharged, exactly the same as it was before the conversion, while the Province enjoys in the meantime the benefit of the difference in the interest charges—a benefit which is very much needed at the present time—and will likely to continue to be needed for sometime to come.

In addition to this, once the matter is accomplished the Provincial securities will feel the benefit of the change, as there will be only one class of security bearing an uniform rate of interest.

The plan of the conversion must necessarily be considered as a whole, and not as applicable to any one particular issue or issues.

In conclusion, Mr. Speaker, as a patriotic citizen I think I can voice the sentiments of this side of the House when I say that we hope that the Government will be successful in establishing that much sought for equilibrium in the affairs of this Province but I confess I see no immediate or even remote prospect of it. And in order to record formally the views of the opposition in reference to the system of expending moneys of the Province not voted by the Legislature, I offer the following motion in amendment to the motion of the Honourable Treasurer that this House do now go into Committee of supply.

That all the words after "that" be struck out and replaced by the following:—"This House is ready to vote the Supplies to Her Majesty but desires to place on record:

1. The fact which appears on page 281 of the Journals of this House for last session, that the honorable member for Three Rivers, (Mr. Normand) submitted a motion regretting that the Government had, during the short space of time which elapsed between the 25th May to the 30th June, 1897, and even on the eve of the expiration of the fiscal year 1896-97 deemed advisable to issue special warrants for the amount of \$281,628.00 without the required urgency and in such a manner as to charge to that fiscal year expenses which could, with greater benefit to the treasury and without inconvenience, have been charged to the following year or years;"

2. That the same session, on the motion for concurrence in the item \$20,000.00 to defray the expenses of surveys, a proposition was submitted by the honorable member for Joliette (Mr. Tellier) (see page 310 of the Journals) to the following effect:—"This House while concurring in this resolution observes that it is only for \$20,000.00 instead of \$40,000.00 for the current year and that, according to the statement of receipts and expenses laid before this House, this sum of \$40,000.00 had been completely expended at the date of the 8th December last, and that, according to a statement of the works authorized and the engagements entered into (See Sessional Papers, (No. 47), the amount mentioned in this resolution is more than absorbed and that this House therefore protests in advance against all expenditure that the

Government may deem advisable to incur by special warrant, after the present session, by reason of the insufficiency of the appropriation.

3. That at the same session the present mover, on the motion for concurrence on the item \$12,000.00 for the protection of the forests, moved : (See Journals of this House, page 305).

“ This House observes that the appropriation of \$12,000.00 voted for the current year 1897-98 was entirely expended on the 8th December last, and that the Government has made no provision for the expenses for that service up to the 30th June next.”

“ This House therefore protests against any expenditure by special warrant ; and against any engagement being taken in the absence of a regular vote of this House.”

4. That by the statement of special warrants submitted to this House by the Government on the 13th day of January last, (see pages 14, 15, 16 and 17 of the Votes and Proceedings of this House) it appears that the Government issued special warrants to the amount of \$93,137.57, between the 12th of March, 1898 and the nineteenth October, 1898, both inclusive : and that in this amount are to be found a special warrant bearing date the 7th June, 1898, for \$4,000.00 : “ for the protection of the Forests ” for the remainder of the then fiscal year ; and also one on the 8th October, 1898, for surveys to the extent of \$17,743.00.

That it follows that this Government, within a period of sixteen months or thereabouts, has issued special warrants to the extent of \$374,765.57.

That in view of those facts this House desires to re-assert its most solemn protest against the system of special warrants inaugurated and continued by the present government in spite of the warnings contained in the above motions : and in violation of the promises and the solemn engagements made and taken by the members of the present administration when they were in opposition.

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# MR. CARBRAY ON THE BUDGET

THE MEMBER FOR QUEBEC WEST REPLIES TO MR. SHEHYN

Mr. Felix Carbray, M. P. P. for Quebec West, in addressing the Legislative Assembly, on Wednesday, on the financial position of the Province, spoke as follows :

Mr. Speaker,

The Honorable Member, Ex-Treasurer of the Mercier Government, has devoted four hours in making a speech studded with a most formidable and bewildering array of figures and statements, all evidently for the purpose of proving, if such were possible, that during the time the conservatives were in power from 1892 to 1897, they increased the debt of the Province by over \$9,000,000, and that their administration of the finances of the Province during those years resulted in large annual deficits. That when the present Government came into power in May, 1897, they found the financial position in a most deplorable condition.

Now, Mr. Speaker, parliamentary usage forbids me to use the correct words to qualify such unjust assertions. I can only therefore say they are most unjust, untruthful, incorrect and misleading, anyhow, as addressed to the Conservative party. They might apply rather to himself and to his friends. I shall endeavor to convince this House of the truth of what I assert, and hope to succeed, and in a shorter time than four hours. I shall not attempt to follow the Honorable Gentleman in his endless details—I will go to results—for after all that is the important end to reach.

I shall prove :

1. That the conservative government from 1892 to 1897 did not increase the public debt by \$9,000,000, nor by one dollar.
2. That their administration of the finances of the Province during those years did not result in annual deficits, but, on the contrary resulted in yearly surplusses.
3. That when they, the conservatives, left power in May, 1897, the financial position of the Province was in a most satisfactory position.

Now, to the proofs, and I challenge any member of the government, or its supporters, to disprove them.

1. The Conservative Government did not increase the Public Debt by over \$9,000,000 during their administration from 1892 to 1897. When they took charge in the fall of 1891, the funded debt of the Province, as shown by the Public Accounts, stood at \$15,181,320. There were also at the same time floating debts and obligations amounting to \$10,862,353, the result of the disastrous and reckless maladministration of the Honorable Gentleman and his friends, from 1886 to 1891. In case my last figures may be questioned, I invite Honorable Members to refer with me to the Statutes of this Province, 54 Vict., chap. 2, and at page 27 therein you will read :

“ An Act respecting the issue of Provincial Debentures to provide for the payment of the non-consolidated debt, etc., “ etc.” The details are then given, showing a total of \$10,862,353, the exact figures I have given above. This Act and this Statement are the work of the Honorable Gentleman, who has just sat down. Add those two amounts together and you have :

Funded Debt.....	\$ 15,181,320
Floating Debt.....	10,862,353

Making a total of..... \$ 26,043,673

This was the Debt the Honourable Gentleman and his friends left us to take over in the fall of 1891. Now, by the Public Accounts submitted to this House last Session by the present Government, the Total Debt of the Province was \$24,202,054 on the 30th June, 1897, and again by the Public Accounts for the past fiscal year, the Total Debt on the 30th June, 1898, was \$25,146,845. Will the Honorable Gentleman show us now how he makes out we augmented the Public Debt from 1892 to 1897 by over \$9,000,000 ?

Mr. Speaker, I will now take up the Public Accounts for the year ending 30th June, 1898, which are, or should be the matter interesting this House. During the course of my remarks, I shall, I think, fully prove the other two points of my argument.

I have carefully gone into the Public Accounts for the fiscal year ending 30th June, 1898, with the following results. Ordinary revenue, total : \$4,176,139.63. In December, 1896, the

Treasurer of that time had estimated this revenue at \$4,086,199.42; the actual revenue was thus \$89,940.21 over. This amount is derived from the surplus under the following headings :

Interests.....	\$	8,285	63
Crown Lands, etc.....		27,215	19
Administration of Justice and Law Stamps.....		7,771	97
Direct taxes on Commercial Corporations.....		77,595	09
Lunatic Asylums, Municipal contributions.....		15,672	48
Reformatory and industrial schools.....		11,386	84
Casual revenue.....		5,121	49
Sundries.....		2,527	49
		<hr/>	
	\$	155,576	18

To deduct, less than estimates  
under the following headings :

Dominion of Canada.....	\$	11,585	94
Licenses.....		14,956	17
Duties on Successions.....		36,544	74
Sundries.....		2,749	12
		<hr/>	
	\$	65,635	97
		<hr/>	
	\$	89,940	21

The extraordinary receipts were estimated at \$30,000, and only realized \$1,516.72,—less by \$28,483.28.

Now let us turn to the other side. The ordinary expenses were \$4,300,073.29, against an estimation of \$4,042,900.02, — an excess of \$257,178.27. This excess accrues from the following headings :

Public Debt.....	\$	66,555	50
Legislation.....		15,231	24
Civil Government.....		26,013	08
Administration of Justice.....		42,989	65
Public Instruction.....		54,000	00
Agriculture, Colonization and Immigration.....		18,676	97
Public Works, ordinary expenses.....		12,981	94
Sundries.....		20,729	89
		<hr/>	
	\$	257,178	27

The Extraordinary Budget, or capital account, shows a total

expenditure of \$585,084.19, as against \$861,527.99, according to the estimates, being \$276,443.80 less. This difference is more than explained under the heading of subsidies to railways; the estimates provided for a probable expenditure of \$503,240. There was only actually expended \$198,645.14, that is \$304,594.86 less.

Now let us proceed to compare the Budget of the year ending 30th June, 1898, with that of the year ending 30th June, 1897, and the result will be :

Ordinary receipts, 30th June, 1897.....	\$3,874,803 18
Ordinary receipts 30th June, 1898.....	4,176,139 63

Excess..... \$ 301,336 45

This excess is practically and principally accounted for by the increase under the following headings :

Crown Lands .....	\$ 215,021 93
Licenses .....	28,867 41
Direct taxes on commercial corporations.....	59,908 33
Manufact. and Trading Licenses.....	19,452 97
Lunatic Asylums, Municipal contributions, etc.	55,841 04
Reformatories, etc.....	33,463 12
Sundries .....	38,982 90
	\$ 453,537 70

To deduct, being less, under the following headings :

Taxes on Transfers of Property... \$	72,801 18
Duties on Successions.....	65,986 46
Sundries .....	13,412 61
	\$ 152,201 25

Making a net difference of..... \$ 301,336 45

If we take into consideration the proceeds of the sale of timber limits sold by the Department of Crown Lands in March, 1898, say \$30,110, amount received from sale of Public Lands \$83,508, and the considerable amounts due the Government in this department for 1897, and which were only collected and credited to the Public Accounts in 1898, the surplus in the ordinary receipts of 1898 over those of 1897 of \$301,336.45 is amply explained.

I wish here to draw the attention of the House to the erroneous system which now exists, and I must say, has always existed under all previous Governments of this Province, of carrying to the Budget of Ordinary Receipts moneys accruing from the sale of Government lands and timber limits. These amounts should be carried to the account of Capital, for after all, they are not ordinary revenue.

Let us now compare the extraordinary receipts, which are :

For 1898.....	\$	59,875	51
For 1897.....		48,435	52
		<u>11,439</u>	<u>99</u>
Difference.....	\$	11,439	99

Let us now proceed to the comparison of the expenditure for 1898 with that of 1897 :

Ordinary expenditure, 1897 .....	\$4,677,095	20
Ordinary expenditure, 1898 .....	4,300,078	29
	<u>377,016</u>	<u>41</u>
Less for 1898.....	\$	377,016 41

This difference is accounted for as follows :

Excess of expenditure under the following headings :

Public Debt.....	\$	40,302	87
Civil Government.....		5,537	17
Public Instruction.....		11,000	00
Arts and Manufactures .....		13,000	00
		<u>69,840</u>	<u>04</u>
	\$	69,840	04

Decrease :

Legislation . . . . .	\$	77,713	22
Justice. . . . .		44,286	12
Agriculture. . . . .		97,218	78
Public Works and Buildings.....		38,300	03
Asylums and Charities . . . . .		19,241	02
Sundries .....		170,097	78
		<u>446,856</u>	<u>95</u>
	\$	446,856	95

Difference.....	\$	377,713.	22
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This difference is explained by the items : \$77,713.22, Legislation, representing the cost of the general elections in

1897,—by the grant to agriculture, being reduced by \$97,218,78,—a very questionable economy—and also no doubt by the religious care with which the Government precipitated the payments of all accounts possible and impossible, before the 1st July, 1897, in order to swell the expenditure for 1897, and thus diminish by so much the expenditure for 1898.

The Extraordinary Expenditure and Capital Account was :

In 1898.....	\$ 585,084 19
In 1897.....	1,957,849 14

The Honorable Premier seems to take much credit to himself, in that the Expenditure for Railway subsidies in 1897-98, was less than that of the previous year by \$1,143,572.99. But, Mr. Speaker, he was no claim to such. Those Railway Subsidies, are obligations of the Province for account of Capital, and have to be paid as they become due. Subsidies to the amount of \$1,957,849, became due in 1896-97. They were paid during that year, and had not therefore to be paid in 1897-98. That is all there is of it.

The payments in 1897 for subsidies to railways due particularly to the conversion in cash of the subsidies in land, explains this difference.

**PUBLIC DEBT**

The net amount of the Funded Debt was.

On the 30th June, 1897.....	\$24,202,054 08
On the 30th June, 1898 .....	24,279,163 75
Increase.....	\$ 77,109 67

The floating debt, including unpaid warrants, and deducting the balance of cash in hand, was :

On the 30th June, 1897.....	\$ 409,042 25
On the 30th June, 1898.....	867,682 23
Increase.....	\$ 458,639 98

Thus increasing the public debt in all by.... \$ 535,749 65

I will now review the statements and the Honorable Premier's speech on the Budget, which were distributed.

The Honorable Premier, this year, again renews his attack by means of comparative statements, wherein he endeavors to show the deplorable state in which his Government found the finances of the Province in May, 1897, when he assumed the direction of affairs, enormous annual deficits, alarming increase of the debt, etc., but, Mr. Speaker, even if all this were true, it was their doing. Does he forget the disastrous results of their reign from 1886 to 1891?

The Honorable Premier is frank enough to admit it himself in statement A, which was handed to us: Deficit, 1889-90, \$1,380,569.18; 1890-91, \$1,444,236.09; 1891-92, \$1,742,651.02!

The net consolidated debt, which was \$10,527,273 in 1886, when these gentlemen came into power, had reached \$15,181,320 in 1891, when they went out of power. Besides this, they left a floating debt and further obligations, amounting to \$10,862,353.00! a total of \$26,043,673.

It was in this state of bankruptcy that the Conservative party under the Honorable Mr. de Boucherville, were called to power. They undertook a herculean task, but they courageously set to work, going even so far as to imperil the political existence of the party, by putting on the people additional taxes (though only temporary) in order to meet the exigencies of the situation, and retrieve the disasters caused by these gentlemen.

It was the liquidation of a bankrupt estate, and, for this reason, I last year maintained, and emphatically reaffirm now, that they have no right to-day to make comparative statements to show that, under the present administration, the expenditure was less or the revenue more than during the years of the liquidation of the bankrupt estate, left by the Liberals in 1891.

The present Government, in this House and out of it, unceasingly asserts that, from 1891 to 1897, we continued the system of annual deficits inaugurated by themselves. But is this so, Mr. Speaker? It is positively incorrect.

During the last session, statements were placed before the House to show that there were deficits in the Ordinary Budgets, viz:—\$24,828 in 1892-93; \$230,202.28 in 1893-94;

\$162,661.66 in 1894-95; \$55,673.61 in 1895-96. But, Mr. Speaker, why deceive the people and injure the credit of this Province by such erroneous assertions? Let us take the statements themselves, which were submitted to us by the Government, and what do we find:—

**STATEMENT "B".**

For the year ending 30th June, 1893 :

Ordinary Revenue.....	\$4,384,654 48
Ordinary Expenditure.....	3,952,258 75
Surplus .....	\$ 432,395 73

This is not a deficit of \$24,828, as the Honorable Treasurer wishes us to believe.

For the year ending 30th June, 1894 :

Ordinary Revenue.....	\$4,258,728 56
Ordinary Expenditure.....	3,876,990 83
Surplus .....	\$ 381,737 73
And not a deficit of.....	230,202 28

For the year ending 30th June, 1895 :

Ordinary Revenue .....	\$4,221,687 84
Ordinary Expenditure.....	4,043,228 43
Surplus .....	\$ 178,459 41
And not a deficit of.....	162,661 66

For the year ending 30th June, 1896 :

Ordinary Revenue.....	\$4,327,010 55
Ordinary Expenditure.....	4,041,221 66
Surplus .....	\$ 286,688 89
And not a deficit of.....	55,073 61

For the year ending 30th June, 1897, the government claims a deficit of \$984,043.01, but, if we go by their own statement, the apparent deficit is only \$802,292.02. I will take up this item further on.

For the year ending 30th June, 1898, the government admits a deficit of \$213,030.34. The correct figures are \$188,547.05.

### THE REAL FINANCIAL SITUATION

The Honorable Premier has spoken to us about the financial situation. Here is the true situation as it appears in the Public Accounts for the year ending 30th June, 1898 :

Consolidated debt, net balance.....	\$24,279,163	75
Floating debt .....	\$1,166,706	46
Plus unpaid warrants.....	191,659	36
	<hr/>	
	\$1,358,345	82
Less balance cash on hand.....	490,663	59
	<hr/>	
		867,682 23
	<hr/>	
Total debt .....	\$25,146,845	98

According to the oft-repeated assertions of the Government, its partisans and its press, it is we who are responsible for the increase of the public debt to this amount. This, Mr. Speaker, is certainly not correct.

In 1886, when these gentlemen came into power, the total debt was \$10,527,273, and every cent of the increase since then was occasioned to make up for the deficits, the wastefulness of the Mercier Government, and to meet the extravagant obligations, inflicted upon the Province by this Government.

Once for all, we repudiate all responsibility on this head. To save the credit of the Province, we had to pay those debts, but are in no wise responsible for them.

I will now take up item \$802,292.02, the apparent deficit for the year ending 30th June, 1897.

In his speech on the Budget, last session, the ex-Treasurer gave a clear and convincing explanation on this point. He attributed the above deficit (\$802,292.02), to different items, amounting in the aggregate to \$667,329, which it was impossible to foresee in the estimates and which obligations were created by the Mercier Government.

But, Mr. Speaker, besides the above reasons, there was, as can readily be seen by the public documents, a surplus in the ordinary Budgets for the years 1893-94-95-96, amounting in the aggregate to \$1,279,281.76, which amount is more than sufficient to compensate for the apparent deficit of \$802,292.02 for 1897.

The decrease of \$219,865 in the revenue was due to :

The abolition of the tax on transfers of property.	\$ 125,143 00
Crown Lands.....	74,107 00
Interest on deposits in trust.....	20,615 00
	<hr/>
	\$ 219,865 00

It is clear, by what we now see, that when we, of the Opposition, predicted that a considerable part of the revenues accruing from the Crown Lands for the year 1896-97, would go to swell the revenues for the next year, we were not wrong.

To resume, I think I have made it fully clear that I have proved my case, as laid down in the beginning of my discourse.

1. That the Conservatives did not increase the debt of the Province by over \$9,000,000 from 1892 to 1897.

2. That during the five years they were in power, there were not annual deficits, but, on the contrary, there was a considerable surplus in the Ordinary Budget for each of those years.

3. That the present Government did not, on their advent to power in May, 1897, find the financial affairs of the Province in a bad state. On the contrary, the disasters of their own mal-administration during the years 1886 to 1892 had been almost completely repaired, and with proper management since 1897 on the part of the present Government, the Ordinary Budget would be in equilibrium, instead of showing a deficit, as it does, of nearly \$200,000.

The present Treasurer and Premier wishes to know what we did with the \$2,262,452, which he says is the Extra Revenue we collected from new taxes, during five years from 1892 to 1897.

I do not know if his figures are correct, but supposing they are, if he will turn up to the list of debts he and his friends left us to pay in 1891, he will find among others the following items :

Temporary Deposits....	\$ 261,361 00
Railway Compan. Guarantee Deposits.	1,916,685 00
	<hr/>
	\$2,178,046 00

This was cash, trust moneys, placed in their hands, and which they had squandered. We refunded these moneys

with the extra revenue above mentioned, and of the disposal of which the Premier is so anxious to know.

### ESTIMATES FOR 1899-1900

The Honorable Premier, in his estimates, counts on \$4,204,899.42 as the probable receipts, and provides for an expenditure, ordinary and for capital account, of \$4,624,568.43. This leaves a deficit of \$419,669.01. There is also the balance of the floating debt on the 30th June, 1898. These two amounts make a total of \$1,287,351.24, without counting the probable and almost certain augmentation of the floating debt, by the 30th June, 1899, and by the 30th June, 1900.

The Premier does not say a word as to how he is going to provide for the payment of these amounts. It is very important that the House and the country should know something about this. The matter is both grave and urgent.

From the experience we have had so far in the past, it is very much to be feared that the honorable gentleman is over sanguine in his estimate of the receipts for 1899-1900 and that he has been rather short in his appropriations for expenditure. The future, however, will settle this. We can only hope, in the interest of the Province, that his provisions will be correctly realized.

### THE CONVERSION OF THE DEBT

I am happy to see this project, inaugurated by the Flynn Government, by the then Treasurer, has been continued by the present Government and that the amount of all debentures, converted up to the 1st of January, 1899, is \$6,943,343.98, replaced by new inscribed stock, bearing 3 per cent interest, amounting to \$8,571,587.70. The Honorable Premier has not neglected to tell us that this causes an increase of \$1,628,243.72 in the funded debt. He forgets, however, to tell us at the same time that this increase gives us an equivalent reduction of the annual interest we have to pay. In the Estimates for 1890-1900, we find a reduction in the interest on the public

debt of \$51,007.42. This, no doubt, represents the amount saved yearly in interest, on so much of the debt as is now converted.

I wish to draw the attention of this House to the fact that in this conversion scheme, any amount of increase on the capital at the due date of the debentures, is fully compensated for by an equivalent in the yearly reduction of interest.

It is to be hoped that the scheme will be carried to completion and the balance of our debt, bearing more than 3 per cent, converted into debentures bearing only that rate.

### RAILWAY POLICY

The Liberal party constantly reproach us with being the inaugurators of what they call the disastrous policy of subsidies to railways. Well, Mr. Speaker, I am proud to call myself an humble member of the grand Conservative party, against which this accusation is made. The party, which has had the intelligence and the patriotism to bestow on our country the immense boon of our present railway systems, which have contributed so largely towards the development and prosperity of our country, which has made the Province of Quebec what it is to-day, which has made of Canada a nation, and a nation which commands the respect of her neighbors and of whose brilliant future we can to-day have only a faint conception.

Where would our Province be without her railways? Where would be the Dominion of Canada to-day without our present unrivalled railways? The Canadian Pacific? The Grand Trunk? etc., etc. Yes, Mr. Speaker, we conservatives, have a right to be proud of the glorious and patriotic past of our Grand Old Party, the Party which has done so much for the prosperity of our country.

The Honorable Premier tells us that his endeavors will be to labor energetically to restore the financial situation of our Province. As the deplorable state of our finances in 1891 was brought about by the honorable gentleman and his friends, it is almost time they took this good resolution. But, Mr. Speaker, they waited too long.

The work of reparation has already been done. The people

of this Province entrusted the Conservative Party with this task. And under the Governments of Messrs. DeBoucherville and Flynn, it was thoroughly and ably accomplished. During the five years they were in power, they re-established order in our badly disordered finances; they brought about an equilibrium in the ordinary Budget, and restored the prestige and credit of the Province. I was right in saying last session to the present Government that they had fallen into a goodly heritage. They have only to follow in the footsteps of the Government which preceded them, to do what is right and safeguard the interests of the country.

We will not be jealous of them. It matters little to us Conservatives by whom the country is governed, so long as it is well governed.

The interests of the country before everything!

