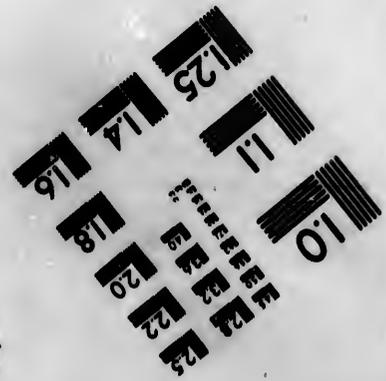
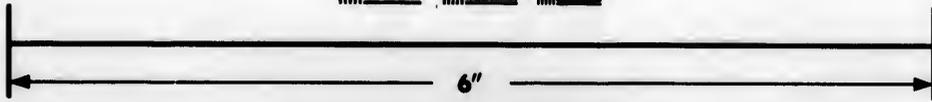
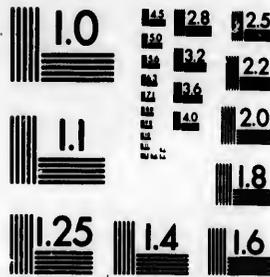


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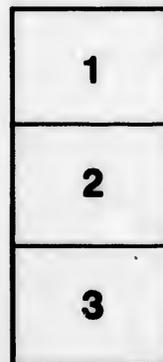
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FACTS

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FOR THE

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ELECTORS

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**THE PROVINCIAL FINANCES**

AS

**ADMINISTERED**

BY THE

**J O L Y**

AND

**CHAPLEAU GOVERNMENTS.**

1881

(66)

# PROVINCIAL FINANCES.

RECEIPTS AND EXPENDITURES—THE ADMINISTRATION OF THE GOVERNMENT—ECONOMIES EFFECTED—THE RAILWAY EXPENDITURE—COMPARISON WITH ONTARIO—THE OUTLOOK FOR THE FUTURE.

There is no branch of the administrative work of the Government so little understood as that of the Provincial finances. Popular opinion has come to regard the finances as in a hopelessly involved condition. Calumny has been unstintingly employed by the opponents of the Conservative Ministry to depose them in the affections and confidence of the people, and wanton misrepresentation of the true condition of affairs has been so freely indulged in, that the most wild and exaggerated notions of the financial condition of the Province are found to pervade the minds of a large portion of the people. Now, in examining the financial administration since Confederation, two or three very important considerations have to be regarded, in order to arrive at a just conclusion as to the care and skill exercised by the several Ministries placed in office. In the fourteen years which have elapsed since

Confederation, the Province of Quebec has made very material progress in all that relates to the commercial prosperity and moral welfare of the people. A network of railways has been spread over the whole Province, an immense tract of country, previously practically unknown, has been opened to settlement, its resources developed, and a large trade with it promoted. Large expenditures have been made in the construction of colonization roads, in the extension of the school system, the administration of justice, and the promotion of immigration. When, therefore, the expenditures of the Government to-day are contrasted with the expenditure at the time of Confederation, the vast advantages which have been given to the people of this Province, through the construction of railways, colonization, the opening up of new settlements, &c., must be taken fully into consideration.

## THE ORDINARY EXPENDITURE.

The following is a statement of the ordinary or controllable expenditure of the Government at different periods since 1873:—

	1873	1877	1879	1880
Legislation.....	\$163,591 10	\$167,969 21	\$153,135 88	\$185,719 83
Civil Government.....	135,106 74	165,273 91	157,710 06	159,358 91
Justice.....	311,884 07	404,728 01	399,790 00	364,350 04
Police.....	47,546 12	66,030 19	14,450 26	14,555 09
Reformatories.....	30,856 33	40,659 92	52,597 89	50,352 97
Education.....	308,447 14	350,730 10	361,772 56	345,110 00
Agricultural Societies.....	53,248 00	61,044 15	64,087 03	66,632 18
Colonization.....	129,291 31	90,956 14	88,439 10	33,927 54
Public Works and Buildings.....	92,404 05	205,533 77	190,068 79	209,596 18
Charities.....	193,299 85	240,748 16	271,229 46	272,085 51
Registration.....	18,202 00	169,078 82	152,753 91	144,718 66
Crown Lands.....	124,300 15			
Public and Jury Fund and Licenses.....	20,550 65	27,234 13	20,515 45	31,208 29
Immigration.....	40,681 25	24,964 40	14,800 00	10,332 70
Miscellaneous.....	56,141 97	95,390 48	88,583 23	93,016 29
Total.....	\$1,731,750 78	\$2,106,971 29	\$1,988,888 42	\$1,981,259 22

The above statement shows that while there has been an apparent increase of \$250,000 in the ordinary expenditure in 1880 as compared with 1873, there has been effected since 1877, a decrease of \$125,700 in the annual expenditure. But it will be noticed that the expenditure on account of legislation in 1880 reached the unprecedentedly large sum of \$185,719.83, against an expenditure of \$153,135.88 in 1879. This increase was due to the fact that in the year 1880 two sessions of Parliament were held, one in October when the Joly Administration was defeated and another in the early summer of the year, and in order, therefore, to arrive at a correct estimate of the expenditure in 1881, the sum of \$30,000 representing the expense of the extra session has to be deducted from the expenditure on account of legislation. With that deduction made, it will be found that the expenditure in the first year of the Chapleau Government administration was only **\$1,951,259.22**, against **\$1,988,843.42** in the year in which the Joly Government was in power. It is to be remembered, moreover, that the Chapleau Ministry having assumed office after four months of the fiscal year 1880 had expired were unable to effect in that year the economies which have since been made. But the saving of \$37,624.20 which was made by the government affords the strongest testimony to the care with which the finances of the Province have been administered by them.

#### HOW THE ECONOMY WAS EFFECTED.

A comparison of the expenditure by the Chapleau and Joly Governments shows the following economies to have been made by the Conservative Ministry :—

##### *Administration of Justice.*

Expenditure, 1879.....	\$390,790 00
" 1880.....	864,350 00
<b>Economy.....</b>	<b>\$35,440.00</b>

##### *Reformatories.*

Expenditure, 1879.....	\$ 52,597 09
" 1880.....	50,352 97
<b>Economy.....</b>	<b>\$2,244.72</b>

##### *Education.*

Expenditure, 1879.....	\$361,722 56
" 1880.....	345,110 00
<b>Economy.....</b>	<b>\$16,612.56</b>

##### *Crown Lands Administration.*

Expenditure, 1879.....	\$152,753 91
" 1880.....	144,718 68
<b>Economy.....</b>	<b>\$ 8,035.25</b>

Let it be remembered that these economies were all made after the Joly Government had been fifteen months in office, and after that Government had effected every saving which was possible to them; yet the Chapleau Administration succeeded in still further reducing the annual expenditure **\$37,624.20**.

#### THE PUBLIC DEBT.

If the ordinary expenditures have increased only \$250,000 per annum since 1873, in which year there was a surplus of \$278,940.20, it will be asked how the deficits of the past three years have arisen. They have been caused wholly by the large charge for interest upon the public debt imposed by the construction of the Quebec, Montreal, Ottawa & Occidental Railway, and the liberal subsidies to other railways in the Province. This interest charged has been as follows :—

1875.....	\$154,666.66
1876.....	254,461.11
1877.....	407,176.01
1878.....	482,661.92
1879.....	727,097.02
1880.....	576,754.77

Now the whole difficulty in which the financial position of the Province has become involved has been created by this large annual charge upon the revenue for the payment of interest upon the Public Debt, and the question arises has that charge been incurred wisely and for a useful purpose? We venture to think that there are not a dozen men in the Province who would give a negative answer to the question. The capital outlay which has created this drain upon the Revenue, has given the Province a magnificent line of railway upon the north shore of the St. Lawrence, connecting the cities of Quebec, Montreal and Ottawa; it

has afforded railway communication with the chief cities of the Province to an important district, and a large population previously isolated, and retarded in their growth; it has developed the splendid mineral and agricultural resources of the country lying to the north of the St. Lawrence and of the Ottawa district, as they never could have been otherwise developed, and it has directly benefitted every man in the Province by cheapening and expediting the means of communication between the principal cities and towns of Quebec. With the aid of the Government subsidies to other railways, these arteries of commerce have been enabled to be completed, and the advantages they have conferred upon the Province have been of the most positive and substantial character. So that it may reasonably be maintained that if the Government could not receive directly back into its coffers one single dollar of the expenditure made upon the railways of the province, there has still been obtained for the people such vast benefits as to fully justify the outlay upon this source. But the money which has been thus expended is by no means lost. The Government railway has cost the province about \$13,000,000. The road is now in excellent condition, and the outlay for construction may be considered at an end. The receipts of the railway since the opening of the current fiscal year show that it has at the present time a gross earning capacity of about \$1,000,000, and taking the

working expenses at 65 per cent, the net profits, on the basis of the present business, will reach \$350,000. And the traffic of the railway is yet in its infancy. With the construction of the Pontiac Branch, the opening of the Pacific Railway, and the development of the traffic along the line of the Government railway and its feeders, the receipts cannot fail to be very largely augmented, and the net revenue—that is to say, the income—of the province from the road correspondingly increased. When, therefore, the Hon. Mr. Chapleau declares that his Government will not entertain an offer for the purchase of the railway of a less amount than \$8,000,000, he bases his figures merely upon the value of the road upon the basis of its present business, and not upon the greater value which the increase of traffic in the next few years must give to it. There is an excellent prospect that the Government will receive such an offer, and by that means be enabled to reduce the public debt more than one-half, and the annual charge for interest and sinking fund by more than \$400,000. The public debt is now \$14,750,000, of which some \$13,000,000 is represented by the outlay on the Provincial railway. So that, as has been stated, the whole debt of the Province represents an expenditure upon public works of great utility, and which have promoted in an important degree the prosperity of the Province and the welfare of its people.

THE REVENUE.

The ordinary revenue of the Government at different periods since Confederation has been as follows:—

	1869.	1873.	1877.	1879.	1880.
Dominion Subsidy.....	\$ 979,801 71	\$ 800,000 00	\$1,014,712 12	\$1,014,712 12	\$1,014,712 12
Crown Lands.....	390,614 22	578,002 60	517,468 80	422,739 20	436,262 02
Law Stamps.....	104,532 80	106,541 25	197,981 82	180,865 17	173,547 41
Inland Revenue.....	88,920 15	122,187 88	228,138 82	218,852 75	188,441 75
Building and Jury Fund.....	26,674 29	13,770 46	17 410 11	50,989 52	21,811 58
Education.....	14,600 38	9,533 15	5,704 47		
St. Vincent de Paul.....		110,000 00			
Provincial Police.....		60,072 27	46,950 57		147 59
Insurance Quebec Court House		40,000 00			
Municipal Loan Fund.....		13,465 56	1,167 30		
Interest on deposits.....	11,832 66	41,400 00	243,166 20	47,118 85	14,426 36
Official Gazette.....		14,950 43	34,606 77	35,977 47	39,822 04
	\$1,617,026 21	\$1,920,231 55	\$2,307,301 78	\$1,966,255 14	\$1,889,200 87
Miscellaneous.....	59,125 87	79,711 02	125,809 87	72,542 05	67,575 89
	\$1,676,152 08	\$1,999,942 57	\$2,433,111 65	\$2,038,797 19	\$1,956,776 76

The following is a statement of the total expenditure, less interest on public debt, and the total revenue, less balance carried forward from the preceding year :—

	Expenditure.	Revenue.
1869.....	\$1,331,911 49	\$1,876,152 08
1870.....	1,584,145 05	1,663,236 36
1871.....	1,641,479 04	1 651,287 09
1872.....	1,725,885 23	1,746,459 54
1873.....	1,721,002 37	1,999,942 57
1874.....	1,987,772 04	2,041,174 71
1875.....	2,019,634 40	2,335,151 12
1876.....	2,100,588 89	2,340,151 63
1877.....	2,106,971 29	2,433,111 65
1878.....	2,229,165 51	2,026,324 19
1879.....	1,988,883 42	2,038,797 19
1880.....	1,981,259 22	1,956,776 76

It will be seen by this statement that in two years only since Confederation has the ordinary expenditure exceeded the revenue, and in one of these the excess was caused by the fact of two sessions of Parliament being held during the year. The care with which the finances have been managed by the present Government is attested by the fact that their expenditure in 1880 was only \$13,500 more than in 1874, and was \$278,000 less than the ordinary expenditure in 1878.

#### THE QUESTION OF DIRECT TAXATION.

An effort is being made by the opponents of the Government to make it appear that unless a change of Ministry is effected, and a policy of retrenchment adopted, direct taxation of the people will be the only recourse of the Government in order to maintain the credit of the Province. Let us see how the case stands. The ordinary expenditure, taking 1880 as a fair basis, is \$1,950,000, to which has to be added \$776,000 for interest on the public debt and sinking fund, making a total expenditure for the current year of some \$2,726,000. That is a definite fixed obligation which the Government has to meet. Now the revenue in 1880 amounted to \$1,956,000. In that year not a dollar was obtained from the Q., M., O. & O. Railway; this year the road yields a net revenue of \$300,000 which will be added to the gross receipts of the Government. Then in 1880 the revenue from Crown Lands was \$438,000; this year it will reach, we are

told by the Premier, \$700,000, a gain of \$261,000, which goes to swell the gross revenue. The revenue from mines will be \$100,000, and the revenue from licenses has increased some \$50,000. The position of the finances this year will therefore be thus :—

#### EXPENDITURE, \$2,726,000.

Revenue 1880.....	\$1,956,000
Increase Crown Lands.....	264,000
Q., M., O. & O. Railway.....	300,000
Mines.....	100,000
Increase Licenses.....	50,000

TOTAL REVENUE.....\$2,670,000

In this calculation no estimate of the probable receipts from the Municipal Loan Fund is made, although the Treasurer anticipates this year a revenue of \$200,000 from that source, the outstanding indebtedness of the municipalities amounting to \$4,138,867 on June 30th, 1880, and should the Government succeed in disposing of the railway for \$8,000,000, there will be an increased revenue of \$100,000 on that account. So that, leaving out of the calculation, all uncertain receipts, it is found that the revenue will equalize the expenditure, while there is a good prospect that a surplus will be obtained in the year now current.

#### THE QUESTION OF DEFICITS.

Some very substantial progress has been made by the present Government towards wiping out the deficits of the past few years. In 1878 the account stood thus :—

Total expenditure.....	\$2,711,827 48
Less chargeable to capital, Normal School.....	\$ 45,151 32
Departmental Buildings..	127,000 00
	<u>172,151 32</u>

Total.....\$2,539,676 11  
Revenue.....2,026,324 19

**Deficit 1878.....\$513,351 92**

In 1879 the position of the revenue and expenditure was as follows:

Total expenditure.....	\$2,715,980.44
Less chargeable to capital :—	
Normal school.....	\$ 22,538.14
Dep'tm'tal buildings..	114,000.00
	<u>136,538.14</u>

Total.....\$2,579,442.30  
Revenue.....2,049,414.11

**Deficit 1879.....\$530,028.19**

In 1880 the account stood as follows:—

Total expenditure .....	\$2,558,013.99	
Less chargeable to capital:—		
Repayment stamp col-		
lections.....	\$ 43,230.89	
Normal school.....	20,530.87	
Departmental build-		
ings.....	132,142.65	195,904.41
<b>Total.....</b>	<b>\$2,362,109.58</b>	
Revenue.....	1,966,518.47	
<b>Deficit 1880 .....</b>	<b>\$395,561.11</b>	

It should be stated that no payment was made on account of the Sinking Fund in 1880, and if \$110,000 is added on this account the deficit of the year will be \$505,561.11, against \$530,028.19 in the year 1879. It may be stated that while the revenue for 1880 was somewhat less than anticipated the expenditure was actually less by \$30,000 than that estimated by the Joly Government, and for which they obtained the sanction of the Legislature.

#### THE FRENCH LOAN.

One of the most beneficial acts of the Chapeau Administration was the negotiation of a loan of \$4,000,000 in the French market. By establishing the credit of the Province of Quebec in the Paris market, the Government freed itself from the necessity of accepting such a price for the bonds of the province as London financiers might be disposed to pay, created a new competition for our bonds, and opened up a new interest abroad in the affairs of the province. The loan was placed at most satisfactory terms. The amount placed at the credit of the Quebec Government in Paris was 19,773,656 francs, being the product of £800,000 stg less 2 per cent discount, or £784,000 stg at 25.215 francs per £1 stg, the legal par standard of value.— This credit realized on this side the net amount of \$3,773,669.71, and to make a comparison between this loan and a hypothetical one floated in England at same rate, 98 net, we must ascertain what the latter would give in Canadian currency. According to ruling rates of Exchange last summer, the Government could not have sold its Lon-

don exchange at more than \$4.81 per £1 sterling, and £784,000 sterling at \$4.81 would give but \$3,771,040, which deducted from \$3,773,669, the result of the Paris loan, shows a difference in favor of the latter of \$2,600. The French loan, besides being a profitable transaction, had, as we have said, incidental advantages of great importance, in its being the means of directing the attention of French capitalists to Canada, and in also showing the bankers of Lombard street that we are not dependent on them alone for the capital necessary to prosecute our great public works—a fact which will be serviceable to us in future financial transactions. The question has been asked by some Liberal speakers, what has become of the proceeds of the loan? Even Mr. Joly, who poses as a fair-minded man, by asking the question in his recent speech in Montreal, endeavored to create the impression that the proceeds of the loan had been in some manner improperly used by the Government, and that no information on the subject could be obtained. The fact is that Hon. Mr. Robertson, in his budget speech last session gave in detail the disposition of the money. This is what the Treasurer stated in the Legislature: "We have disposed of the loan as follows:

To pay New York loan made by the late Government .....	\$500,000 00
To repay consolidated revenue fund for monies heretofore paid towards railways.....	332,631 63
To pay loan to Bank of Montreal made by late Government.....	270,000 00
To payment of debts contracted for railway purposes before the loan was effected.....	786,683 11
Paid to contractor of Q. O. M. & O. railway.....	1,229,389 22
Paid subsidies to other railways...	216,466 40
<b>Total of.....</b>	<b>\$3,385,170 36</b>
Leaving a balance in the hands of the Government of .....	\$437,546 87

#### THE PROVINCIAL RAILWAYS.

Since Confederation a magnificent system of railways has been established with the aid of the Government in the Province, and there is not a man in the country to-day, if he had his choice, who would say that he

would not prefer paying extra taxation to pay interest to sinking fund on the railway debt, than to have no railways and no taxation. The following are some of the railways referred to:

	Miles built.	Paid by Gov't.	Miles to be completed
Levis & Kennebec ..	43½	\$217,530	46½
St. Francis & International .....	66	368,730	14
Quebec Central .....	100	473,750	completed
South Eastern (division north) .....	140	497,007	do.
Montreal, Portland & Boston. ....	47½	179,582	8½
Waterloo & Magog. . . . .	22½	86,450	20½
Missisquoi & Black River Valley .....	10 1-10	43,842	45 19-100
St. Lawrence & Champlain Junction .....	62 57-100	250,280	37 43-100
Quebec & Lake St John's .....	20	137,651	130
Laurentien .....	15	60,000	completed
Frontier Railway for Surveys .....		6,027	
St. Jerome branches for surveys .....		2,150	
Baie de Chaleurs .....		12,840	

Making so far paid out in subsidies... \$2,386,811

This shows about 527½ miles completed of railways subsidized by the Government and in operation daily in the several counties traversed by them, and about by estimation 300 miles to be built of roads partly completed and which have a claim for Government aid under the acts of the Legislature. These roads built and partly built must have cost about \$18,000 to \$20,000, per mile for construction, rolling stock, etc., and in fact the Government actually furnished a very small proportion of the costs of these roads. Then we have the Government railway and branches which have cost the province about \$13,000,000 also completed, the main line between Quebec and Montreal being 170, and from St. Martin Junction to Alymer 113 miles, and for the Piles and St. Jerome branches, forming a total of 330 miles. In all since ten years there have been built 857 miles of railway, more or less, equipped with stations, siding, rolling stock, machine shops, etc.

#### COMPARISON WITH ONTARIO.

A good many people are fond of contrast-

ing the position of the province of Ontario, under a Liberal administration, with that of the province of Quebec, under a Conservative administration. The comparison, although an unfair one, need not be shirked by the supporters of the Quebec Government. Take, for instance, the department of civil government, or that of legislation. In Ontario there is one common language, while in this province we have two languages spoken by the people, and, as a consequence, all the printing of the Legislature has to be done in both languages, entailing double the expense of the work in Ontario. So with the department of civil government, the cost of administration is greatly enhanced by the use of two languages. Yet it is found that the cost of Civil Government in Ontario in 1880 reached \$173,732.67, against \$159,958.91 in Quebec, an excess of \$13,773 76 in the former Province. Then again in the cost of the Administration of Justice. In Ontario the municipalities defray a considerable part of the expenditure, while in Quebec the whole expense devolves upon the local Government, the Ontario Government having expended in 1880 \$100,000 less for the administration of justice, than did the Government of Quebec, although the latter has a smaller territory and smaller population to deal with. In respect to the aid granted to railway enterprises, also, the comparison is largely in favor of Quebec, this Province having granted subsidies to the amount of \$2,350,000 to railways, exclusive of the Q., M., O. & O. road, while Ontario has given from the Provincial Treasury a sum only slightly in excess of \$2,000,000. Take another instance. Between 1871 and 1878, a period of eight years, the ordinary expenditure of the Province of Ontario increased from \$1,173,598 to \$2,109,916 or 80 per cent, while from 1873 to 1880, a like period of eight years, the ordinary expenditure of the Province of Quebec, increased only from \$1,731,750 78 to \$1,951,259 22 or 14 per cent. These instances will serve to show that the finances of this Province have been administered quite as economically as those of Ontario, whose financial position is held up by some as a model for us.

