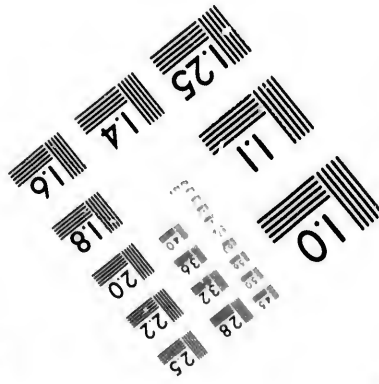
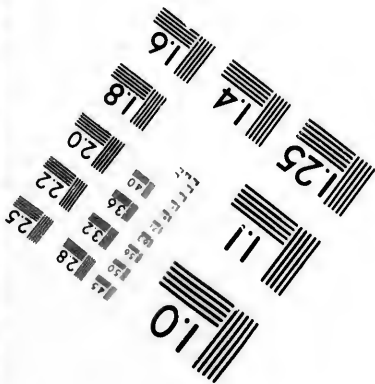
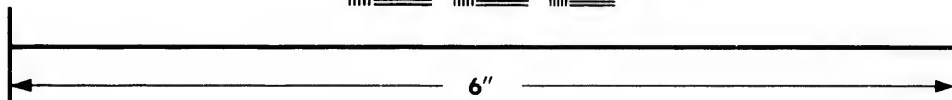
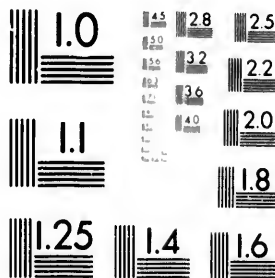


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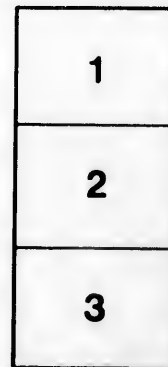
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SPEECHES
OF
MR. DECOSMOS

ON
DE HORSEY'S REPORT, TRADE OF BRITISH COLUMBIA,
AND
MONEY PAID TO BRITISH COLUMBIA.

—:O:—

HANSARD REPORT!

(Corrected.)

HOUSE OF COMMONS.

Monday, Feb., 18th, 1878.

BRITISH COLUMBIA TERMINUS OF
THE PACIFIC RAILWAY.

MOTION FOR REPORTS AND CORRESPONDENCE.

MR. DECOSMOS moved for a copy of any reports in possession of the Government made in 1877 by Admiral De Horsey respecting the port or ports most suited for a terminus of the Canadian Pacific Railway in British Columbia, with a copy of any correspondence respecting the same with the Imperial Government. He said he was aware that the Admiral in command of Her Majesty's squadron on

the Pacific had been invited by the Admiralty, and he did not doubt by the Government of this Dominion, to make a personal enquiry as to the port or ports most suitable for the terminus of the Pacific Railway on the Pacific coast. He (Mr. DeCosmos) had given notice of his motion before the report of the hon. the Minister of Public Works was sent down to the House. He found that in that report no mention whatever was made of any report from Admiral De Horsey. He had reason to believe, before he left the Province of British Columbia, that a copy of that report had been forwarded to this Government. If they turned to the report of Mr. Fleming, Chief Engineer of the Canadian Pacific Railway, issued in the spring or summer of last year, they found that reports had been received and condensed from different

officers of Her Majesty's Navy who had been on duty on the North-West coast, but there was not a single mention made of any seaport on Vancouver Island as the terminus. Admiral de Horsey having communicated his report, as he (Mr. DeCosmos) was informed, to the Imperial Government, and to this Government also, he now asked that, before the great question of the Pacific Railway was taken up by this House, they should have laid before them a complete copy of this report, and not as they had last year, an emasculated report, or reports taken from the reports sent by Her Majesty's officers to the Admiralty, in England. The importance of selecting the best place on the Pacific coast was so great that the House required the very best information that could be gathered on the subject, and if it were not so late, he would endeavour to occupy the attention of the House, for half an hour, in showing both the domestic commerce and the foreign commerce of the Pacific Ocean with the American States and territories contiguous to the western terminus of the Central Pacific Railway. But he would reserve his remarks on that subject for a future day, when he hoped the House would have more opportunity to listen to statistical information, as to the trans-Pacific and trans-continental trade which was now being done at San Francisco.

Mr. TUPPER said he would take the opportunity to ask the First Minister when the House might hope to receive the report of the Engineer on the Canadian Pacific Railway.

Mr. MACKENZIE said the hon. gentleman would find that there was a considerable report in the Report of the Public Works Department which had been presented to the House. The report of Mr. Cambie and the Report of Mr. Marcus Smith were there. Mr. Cambie was the officer charged with the survey in British Columbia during the year, and the report of Mr. Smith was a more general report.

Mr. TUPPER: Is it intended that we should not receive any further report on the subject before we are called

upon to deal with the question of the route of the railway.

Mr. MACKENZIE said he was not aware at the moment of any further report until the Government received the complete report of Mr. Cambie, with the maps, etc., and he was not aware if that gentleman would have anything in addition to deal with. If there was anything further that it was possible to bring down, it would be brought down. The paper to which his hon. friend behind him (Mr. DeCosmos) referred, had come in very lately from England as a document communicated to the Government, and it would be brought down as soon as possible.

Motion agreed to.

TRADE AND COMMERCE OF BRITISH COLUMBIA.

MOTION FOR RETURNS.

Mr. DECOSMOS moved for a return, showing the receipts for Customs and Excise in British Columbia for the six months ending on December 31st last; also, a return of the Customs and Excise collected on Stikine River for the same period; also, a return of the imports and exports of the said Province for the same period; also, a return showing the imports into the said Province of all merchandise, duty free or subject to Customs or Excise, from the other Provinces of the Dominion, from and including 1871 to 31st December, 1877, setting forth the respective quantities and values the production and growth of Canada. He said the first of these returns would no doubt be very brief, but it was desirable, in some respects, to have before the House. So far as returns in reference to the Stikine, were concerned, he thought it was important that the House should know something about them. He was not aware that they had anything about the trade of that river in the returns before the House. As to the last part of his motion, he thought it would be interesting to have something showing the Interprovincial trade between British Columbia and the other Provinces of the Dominion, and he did not see that any objection could be

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Mr. BURPEE (St. John) said the first part of the return could be supplied to the hon. member quite readily, but he feared the last part could not. There had been no account kept between the different Provinces since Confederation, and there was nothing to show the trade between them.

Mr. DECOSMOS said he thought the hon. the Minister of Customs would be able to get the necessary information, from the fact that all merchandize was passed in bond over the Pacific Railway; therefore, the ports through which merchandize was passed to British Columbia would be able to supply the information. He hoped the Government would allow the motion to pass, because he thought it was a matter of great importance.

MR. MACKENZIE: We will try.

Motion agreed to.

HOUSE OF COMMONS.

Tuesday, 19th Feb., 1878.

The Speaker took the Chair at Three o'clock.

PRAYERS.

MONEY PAID TO BRITISH COLUMBIA.

MOTION FOR RETURN.

Mr. DECOSMOS moved for a return showing the respective sums of money paid to the Government of British Columbia, and at what time paid, in accordance with section 2, chap. 17, Vic. 37, of the Statutes of Canada. In doing so, he said he wished to bring before the House the fact that, by the non-performance of their agreement on the part of the Government of the Dominion, there had been entailed upon the Province of British Columbia a loss of some \$272,500. In order that the House might follow him in bringing to their notice this equit-

able claim, he took occasion to state that in 1873 he was the Premier of the Province of British Columbia. He found that the Province was not in a condition to invite immigrants to come and settle in the country. The ordinary and current revenue of the Province was only sufficient to meet the ordinary and current expenditure. In order, therefore, to prepare that country, in the interests of the Dominion, to receive population from abroad, and thereby contribute to the revenues and the building up of the country, it was decided that he should go to the Government of the Dominion, and, if necessary, to the Imperial Government and the capitalists of Great Britain, to raise a loan of some million of dollars to make surveys, and open up colonization roads through the accessible portion of that Province. In the autumn of 1873 he arrived in this Province, some three or four weeks before Parliament met in extra Session. He placed himself in communication with the Government of that day. He told that Government that the Provincial Government wanted a million of dollars or less,—may be \$500,000 or \$600,000. The Minister of Finance of that day was absent in England, placing the bonds of the Dominion upon the London market. He opened negotiations through the hon. the then Minister of Public Works (Mr. Langouin) with respect to this loan. When the Minister of Finance returned from England,—as the loan could not be concluded with the Dominion Government until he had returned,—it was arranged that the Province of British Columbia should draw on application the sum between the allowed debt and the actual debt of the Province at the date of Union, as increased by the Act increasing the debts of the respective Provinces in 1873. In order that the House might follow him in this matter, he would read the Order in Council that was passed by the Dominion Government of that day, respecting the matter:

"In a memorandum, dated 9th Oct., 1873, from the hon. the Minister of Finance, submitting an application from Mr. DeCosmos on behalf of the Government of British Columbia, asking that the Dominion may advance for local improvements a sum equal to the difference between the actual debt of the Province and the debt allowed at the Union, such advance to be at the rate of 5 per cent, to be

secured upon the subsidy, and to be repaid by a Sinking Fund,—

"The Minister states that he considers it inexpedient that the Dominion Government should undertake a loan on the terms specified; but that there is no doubt that if the Province wishes to enter upon local improvements and borrow money for the purpose, it could be done on more favourable terms in the manner proposed than by procuring a loan elsewhere; and he suggests that the same object can be gained in another way, which would be quite legitimate: That the excess of the debt allowed over that outstanding at the date of the Union is in fact a debt of the Dominion, upon which it has to pay five per cent. annually on the subsidy, and that there can be no objection to the Dominion, if it thinks proper, redeeming this debt by paying the money to the Province.

"The Minister, therefore, recommends that authority be given to advance to the Government of British Columbia, for local improvements, such sums, from time to time, as may be applied for, to be charged against the debt of the Province to the extent of the amount by which that debt falls short of the debt allowed. Should the Provincial Government at any time wish to refund any portion of the advances so made, the refund, the Minister observes, would, on the same principle, be credited to the debt.

"The Committee concur in the foregoing recommendations, and submit the same for your Excellency's approval."

He desired to direct the particular attention of the House to the words, "such sum or sums as may from time to time be applied for." There was no promise or suggestion whatever that there would be any influence brought to bear against or any exception taken to any application made by the Province of British Columbia to take over the difference between the actual and the allowed debt. They had, therefore, the fact that, when the late Administration retired from office, there was an arrangement made by the Province of British Columbia with the Dominion to obtain for surveys, roads, and bridges, &c., the means for opening up that extensive Province, an arrangement by which a large sum of money—nearly a million dollars—might be obtained from the Dominion at a lower rate of interest than the Province could obtain it elsewhere. Shortly after Parliament met, the Ministry of the day resigned. His mission was not merely to the Dominion Government, but it extended also to England, with regard to the Graving-dock. Before proceeding to England, he thought it would be wise on his part to obtain a confirmation, from the present Government, of the arrangements with

respect to the advance or loan. He did so, and he (Mr. DeCosmos) had the authority in a letter from the Prime Minister, in which he agreed to make that advance. The letter was as follows:—

"OTTAWA, 4th Nov., 1873.

"MY DEAR SIR,—Your proposal to the Dominion Government respecting the payment to the Local Government of British Columbia of such sums as may be applied for from time to time, to be expended on local improvements to be charged against the debt of the Province, until the sums so advanced will, with the existing debt, reach the amount of the debt allowed by the terms of the Union, is one which will require the sanction of Parliament. This being the case, no absolute promise can be given until Parliament meets. I see no serious objection, however, to the proposal, and we will submit a measure to Parliament to carry it into effect.

"I am, &c.,

"A. MACKENZIE."

The House had then before it the fact that the late Government and the present Government of the Dominion, with a view, he believed, at that time of advancing the interests of Canada, and the Province of British Columbia in particular, had agreed to advance the money at a lower rate of interest than it could be obtained elsewhere, and in the same way as the Dominion had obtained guarantees for its bonds from the date of Confederation from the Imperial Government. The House had the fact before it that this and the late Government had agreed to advance the difference between the actual and allowed debt. The next question arising was what was the difference between the actual and allowed debt? The actual debt of British Columbia at the time of the Union was \$1,000,405; the allowed debt, increased by the Act of 1873, was \$1,946,284. The difference between the actual and allowed debt in 1873-4 was \$945,878. And the agreement for the advance of money, in the nature of a loan, with a right of repayment of the whole or any portion, covered this amount. The next point was as to the Statute. In order to carry out that agreement, chap. 17, 37 Vic. was enacted, the 2nd section of which read as follows:—

"The Governor in Council may, in his discretion, advance from time to time to any Province of Canada, such sums as may be

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required, for local improvements in the Province, and not exceeding, in the whole, the amount by which the debt of the Province for which Canada is responsible then falls short of the debt with which the Province was allowed to enter the Union—such advances to be deemed additions to the debt of the Province, with permission to the Province to repay them to Canada, on such notice, in such sums and on such other conditions as the Dominion Government and that of the Province may agree upon; any amount so repaid being deducted from the debt of the province in calculating the subsidy payable to it."

That section was intended not merely to include the Province of British Columbia, but every Province in the Dominion. When he opened these negotiations with the present Dominion Government, for the purpose of taking over the difference between the actual and allowed debt of that Province, the proposal seemed to be a novelty, but on passing it under consideration it was discovered that it might be an advantage, not merely to the Dominion Government, to extend its influence in that manner through the Provinces, but a great advantage to the Provinces themselves. The point to be observed in that matter was this: that, owing to the negotiations between the two Governments, the Dominion and British Columbian, it was agreed that, when the Province applied for the money, it was to be paid over to the Provincial Government, and that without qualification. On enquiry, so far as he was able to gather, the amount paid to the Province of British Columbia, amounted to \$189,258 in 1874-5, and a further sum of \$150,000 was paid in 1875-6, and charged subsequently against the debt of the Province. When the Provincial Government applied for the money, they were not properly met by the Dominion Government, and there was no prompt fulfilment of the bargain which he (Mr. DeCosmos) had made with the present Government and its predecessor. The first application to the present Government was for the sum of \$439,150. \$189,000 out of that amount had been expended, and the Province wanted \$250,000 more, to meet the additional expenditure on its public works. The Dominion Government refused to advance that amount. Stated briefly,

the Province received from the present Government \$189,000, and was refused \$250,000. The question would naturally arise as to why the Dominion Government, whose word ought to be a word of honour, refused to carry out their agreement. If there were good and sufficient reasons why they should not carry it out, he believed the House and the country would be prepared to endorse their refusal. But, as far as he had examined the facts of the case, he found there was no good and sufficient reason why they should have refused, and particularly so as the Government of British Columbia was engaged in opening up that vast country, and in doing so was opening up a part of the territory of Canada over which it had jurisdiction. But, if they traced the matter to the bottom, he believed the true reason for refusing to honour their pledge would be found to be a desire on the part of the Dominion Government to check-mate the then Government of British Columbia, led by Mr. Walkem; in other words, to embarrass the Provincial Government financially, in order, if possible, to bring them under the influence of the Federal Government. It was open to the Government to explain that statement, and if they could by any possible means explain away the reasons which were popularly given in that Province for the refusal, no one would be happier to accord them full credit and release them from the charge of having attempted to embarrass the Government of that Province than he would be. It must be remembered that the demand for \$439,150 was made in April, May or June, 1875. If the Dominion Government had been without funds, or had had large claims coming due which would prevent it from fulfilling that agreement, there might have been some excuse; but when he turned to the Sessional papers and to the statement of the assets and liabilities of the Dominion in the Public Accounts, he found that, at the end of June, 1875, which was the end of the financial year, there was to the credit of the Dominion, in British and Canadian banks, and other places \$10,462,586; in other words, a month or two after the \$400,000 and odd were asked for by the Provincial Govern-

ment, it was found, by a return laid before the House, that \$10,462,586 was set down by the Minister of Finance as the money assets of this Dominion. Against that they found liabilities due to other banks amounting to nearly \$2,150,752, leaving a surplus to the credit of the Dominion Government, at the banks, of \$8,311,834. He put it to the House whether the Government could be justified, from what they knew at present, in refusing to fulfil its obligation to the Province of British Columbia, when the Dominion had nearly nine million dollars to its credit at its bankers? He had called the attention of the House to the fact that the money was to be paid to British Columbia, when applied for. It was to be observed that the money was to be paid from time to time. There was no question that the negotiations which had taken place between himself, on behalf of British Columbia, and the present and the late Governments in regard to the advance of the difference between its actual and allowed debt constituted a *bond fide* agreement between the parties. Remembering that there had been a *bond fide* agreement entered into—for that amount of money had been contracted by the Dominion Government to be paid to the Province, what did they next find? The report of the Committee of the Privy Council, approved on 20th May, 1875, showed the following:

"Upon the application of the Government of British Columbia for the sum of \$439,150, whereof \$250,000 is asked for on account of the Graving Dock, the remainder for local improvements, the whole to be advanced in accordance with the provisions of Viet. 37, cap. 17.

"The Hon. the Minister of Finance, to whom this application has been referred, observes, in a Report dated 19th May, 1875, that, with respect to the sum asked for the construction of the Graving Dock, certificates of progress of work are required by the Terms of the Act, and that such certificates have not, so far as he is aware, been furnished by the Government of British Columbia.

"With respect to the remaining advances, he further observes that it is entirely optional with the Government of the Dominion to advance any sums on said account; and, inasmuch as inconvenience may arise if expenditure should be undertaken in any of the Provinces, under the impression that the Local Governments or Legislatures are at liberty to draw at pleasure for the balance of debt referred to in said Act, he suggests that the Secretary of State be directed to notify the local authorities of the several Provinces that the consent of

the Government of Canada must be expressly obtained before any advance on account of local improvements, as specified in the above Act, is authorized; but that the sum of \$189,150 having been spent by the Columbia Government, it is recommended that this sum be paid.

"The Committee concur in the foregoing Report, and submit the same for Your Excellency's approval."

He might remark, with reference to the closing portion of the second section of the report of the Committee of the Privy Council, that the \$250,000 referred to was not asked for in aid of the construction of the Graving Dock, but for an entirely different object. From that document they discovered that the present Dominion Government refused to carry out the obligation they had entered into with the Province of British Columbia, and they endeavoured to make British Columbia, when it had entered into a special agreement under two Governments, occupy a similar position to a Province that had made no agreement whatever. In the next place, they found that, on the 4th February, 1876, Mr. Langton, the Auditor-General, wrote as follows:

"I am directed to advise you that the \$150,000 was distinctly refused as an advance against debt, but it is granted as an advance against subsidies."

From this they discovered a second refusal on the part of the Government a year later, to do what they agreed to do in the autumn of 1873. Now he presumed that the House might gather some fair information of the state of this case. In the first place, the Provincial Government had agreed with the Dominion Government for an advance equal to the amount between the actual and the allowed debt; that the Provincial Government applied for \$439,150 to the Dominion Government, which was refused, and that the Dominion Government had the sum of \$3,000,000 or \$9,000,000 in its Treasury at its command, some of which was drawing interest and some of which was not drawing interest, and yet they refused to carry out a solemn agreement with that Province. Before he proceeded further to show the loss of money entailed upon that Province by the violation and, as he took it, the deliberate violation of the agreement with that Province by the Dominion Government, he would again call the

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attention of the House to the fact that this Government had sent its delegate to British Columbia to negotiate a relaxation of the railway section of the terms of union. It so happened that the two Governments could not agree and an appeal was made to England by the Executive of the Provincial Government. He took it, therefore—and he repeated again as he said before—that the whole and sole object of the Dominion Government in refusing to advance the money that it had agreed to was to embarrass the Local Government of British Columbia. They had no other object; and that in the face of the repeated declarations made on the part of the existing Government when a party in Opposition: that they wished to keep the federal distinct from provincial affairs, and that they believed in decentralization, instead of centralization. This was his statement; and this was the view which the people of British Columbia took of it. As he had before remarked, it was open for the Government to explain away this view, and to give them a satisfactory reason for their conduct. Let the House now see what pecuniary loss the Government had entailed on the Province of British Columbia. At the time the latter had large contracts let, and with respect to part of these contracts payment on them had matured, and consequently the Government wanted money to pay the contractors; but the Dominion Government refused to advance the money. The Provincial Government then had to apply to the banks and outside capitalists in order to raise enough money to meet their liabilities, and had to pay as high as eight per cent. per annum for money; and that when the Dominion Government had enough money in its Treasury to spare for that object to fulfil its agreement. The result was simply this: that the Provincial Government, in round numbers, had lost by having to borrow money at eight per cent. the difference between five and eight per cent, and that was three per cent. The loss under that head, placing it at a minimum—and he believed that it was more like 100 per cent. more than that—was at least

\$10,000. In order then to get rid of their liabilities, they had to place bonds in the local market to the amount of \$350,000, and hypothecate them to tide through that year. If it was the object of this Government to embarrass the Provincial Government of British Columbia, the former was successful, as the latter Government was financially embarrassed. The Provincial Opposition having been tutored by agents at Ottawa, or by the present Government at Ottawa, or by writers from Ottawa, the agents of this Government in the Province of British Columbia were the first to communicate the news to the public that the Local Government was embarrassed in its finances, the Dominion Government having refused to advance them anything more. Having tided over the year 1875-6, the existing Government of the Province found it was compelled to pass an Act to enable it to borrow \$750,000 in the English money market. That \$750,000 was sold in the market of London at 96, and it cost one per cent. for commission (*Vide B.C., Debates, April, 1877.*) The loss, therefore, sustained in selling at a discount these \$750,000, which the Province ought to have received from the Dominion Government at five per cent., was \$37,500. These bonds were issued at six per cent. to mature in thirty years; and that is one per cent. more than the rate at which the Dominion Government had agreed to pass this money over to the Province. One per cent. over the five per cent. upon that amount was equal to \$7,500; and, hence, during thirty years, the Province would have to pay that \$7,500 annually. It would also have paid at the end of thirty years, \$225,000; and this amount the Province of British Columbia would have to pay to the parties from whom it borrowed, simply because this Government refused to fulfil its bargain. More than this: the management, he took it, of the Sinking Fund connected with this \$750,000 loan, during the coming thirty years, would be at least \$10,000. And adding the extra interest over five at eight per cent., the loss by discount on the bonds and the increased interest for thirty

years, he found that the manner in which the Dominion had treated the Province in this matter, would entail a loss on the Province of British Columbia of \$272,500. In other words, that was the cost to the Province of British Columbia, of having this Federal Government engage in what he might regard as the unholy work of embarrassing a Provincial Government. And not only did they entail a loss of \$272,500 on the Province, but the Dominion also, actually and absolutely, lost the sum of \$30,302 odd. Allow him to explain:—When this advance was agreed to by the late Government, the Finance Minister had just returned from England where he had sold his bonds. He believed they were five per cent. bonds and commanded a premium of five per cent. Now, paying off the difference between the actual and the allowed debt of the Province, the Dominion Government, by floating its own five per cent. bonds at five per cent. premium, would have made \$47,264.

MR. CARTWRIGHT: I may remark to my hon. friend that they were not five per cent. bonds, but bonds raised on the Imperial Government guarantee at four per cent.

MR. DECOSMOS said the hon. gentleman would have his opportunity for replying further on. He, however, thought that the hon. gentleman, if he referred to the money which was obtained on Imperial guarantees and Government guarantees, would find that both went off together. He only spoke from memory on this point and was subject to correction. This Government under pressure had advanced, as he had previously stated, two sums, \$189,233 and \$150,000; and the money saved by floating the Dominion bonds at five per cent. premium on the amount of money which was advanced by the hon. the Minister of Finance—the profit really made by the Dominion Government in this regard was \$16,961. By refusing to advance the further sum of \$606,055, the Dominion Government lost the five per cent. premium on that sum, and that was a loss of \$30,302. The aggregate loss, therefore, of the Dominion Government and the Provincial Government by the refusal to carry out the

agreement made with the Province of British Columbia by the Dominion Government was \$302,802; and he again repeated that this loss was made in the face of a surplus in the Treasury of the Dominion, of \$3,311,834. And the loss to the Province of British Columbia on the sum of \$272,500, would be six per cent. per annum besides the whole amount for ever. Probably his honourable friend the Finance Minister would be able, with his actuary, to find out what the total loss to the Province of British Columbia would be on that \$272,500 for ever. The interest on the sum lost by the Province of British Columbia for ever by the refusal of this Government to carry out its contract would be equal to even one-twelfth of the total annual subsidy received to-day by the Province. He appealed to the House if some explanation—if a full explanation was not required and ought to be given to the country to show how this Government could justify the taking away, by its own deliberate act, one-twelfth of the subsidies guaranteed by the Act of Union. He had only one other word to say; and this was that, if there was justice, if the equities of this case were heard by dispassionate gentlemen, and if the case of British Columbia in this matter was heard and understood, the Dominion Government owed a debt—as indemnity—to the Province of British Columbia approximating, in round numbers, to nearly \$300,000; and it would be for the present Government, or their successors, in due course of time, to pay over to the Province the penalty of their deliberate violation of the agreement, that was in the interest of both the Province and the Dominion.

MR. CARTWRIGHT said there could be, of course, no objection whatever, to the hon. gentleman obtaining the information he required. The facts connected with it, so far as his memory served him, were briefly these: he believed the hon. gentleman had correctly enough stated that, some time in the Session of October, 1873, he (Mr. DeCosmos) made application to the late Government to have an advance made in the form of which he spoke; and he had no doubt, that the hon.

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gentleman had correctly quoted the Order in Council under which the late Government had consented to make that advance. He (Mr. Cartwright) understood, that subsequently, about a week after the present Government assumed office, the hon. gentleman renewed this application. He was not, himself, in Ottawa at that time, being engaged in conducting his election; but he understood that the hon. gentleman had had some communication with the hon. the Premier, who advised him on that occasion, that in his judgment it was not possible for the Government to entertain any such application without obtaining Parliamentary sanction for such advance, probably in the shape of an Act. He must, however, correct the misapprehension under which the hon. gentleman appeared to labour regarding the letter his hon. friend the First Minister as at all implying what he (Mr. DeCosmos) appeared to conceive it meant. That letter did not, as he understood it, or as his hon. friend (Mr. Mackenzie) understood it, at all mean that the Province of British Columbia, or any other Province, was to be entitled, at its discretion, without due notice, to draw cheques upon them to the extent of the whole amount of the payment unliquidated. Now, in compliance with what his hon. friend had agreed to do, among the Acts that were passed at the Session of 1874 was the Act to which this hon. gentleman referred. That was cap. 17, 37 Vic., by which, as the House would see, it was expressly provided, and for very excellent and good reasons, that these advances should be made at the discretion of the Government, upon proper notice having been given, and on their being convinced of the expediency of the work. The reason for all this was obvious. It was quite impossible that they should make this advance to one Province without allowing other Provinces to obtain, if they desired it, the same benefit on like conditions. It was also perfectly obvious that in view of the very large engagements which this country had then assumed, it would be the most dangerous thing to allow many millions of money to be drawn at call from the public Treasury to serve the

needs of the several Provincial Executives; and it was for that reason, and after full consideration, that the Government introduced the Act entitled Cap. 17, which expressly provided that this advance should be made in their discretion and for local improvements. He regretted that no *Hansard* appeared to have been preserved for the year 1874, because his recollection was that, at the time this Act was introduced, he (Mr. Cartwright) expressly explained the reasons which had induced the Government to word this particular section in that fashion; and he then had expressly called the attention of the members, among whom, if he remembered aright, was the hon. gentleman himself to the fact that notice must be given—

Mr. DECOSMOS: Of what?

Mr. CARTWRIGHT: That notice must be given that these moneys were wanted, and also to the fact that it must remain at the discretion of the Government of the Dominion, because it would have been a most dangerous addition to their then existing liabilities to empower the several Governments at their pleasure to come down suddenly upon them for sums amounting, collectively, to several millions of dollars. So much for the reason why this Act was introduced, and for the construction which the Government then and now put upon it. He begged to inform the hon. gentleman and the House that they had had no intention whatever of embarrassing the Government, to which the hon. gentleman had alluded. The reasons which had induced the Government in 1875 to decline to advance a sum amounting to nearly half a million of dollars, although that was subsequently modified by agreeing to refund to the Government of British Columbia the sum of \$189,000, were, that in that particular moment, enormous sums were required to be met by the Government of this Dominion, amounting, in the space of two or three months, from the date of which the hon. gentleman had spoken, to, he thought, the sum of twelve or fourteen millions of dollars. Whether the hon. gentleman was correct or not in the statement he (Mr. DeCosmos) made that, in June or July,

1875, a large balance remained with the bankers of the Dominion, he was not sure; but assuming, for the sake of argument, that the hon. gentleman was quite correct, he could tell him (Mr. DeCosmos) that at that moment their engagements required every penny they had in their coffers, and they had had enormous sums to pay; and, further, were obliged, in consequence of the demands made upon them, to antedate the period for the negotiation of the loan in 1875, because the resources at their command were hardly sufficient to enable them to meet their then engagements, which were very large, a considerable portion of them being on the account of British Columbia itself. As to the calculations which the hon. gentleman had made regarding the loss which he stated the Province of British Columbia had sustained in consequence of this, he could only say he very sincerely regretted that the Province of British Columbia should have been exposed to any loss whatever. If he had understood the hon. gentleman aright—if not, he (Mr. DeCosmos) could correct him—the sum total which that Province would have been entitled to would have been \$900,000. Of that sum the hon. gent. himself admitted that they received \$330,000, which certainly would not leave the sum of \$750,000 available; so that, even if they had obtained the full sum which the hon. gentleman had said was promised him, he (Mr. DeCosmos) would not have been able to obtain quite the loan he wanted. However, he (Mr. Cartwright) would only point out as to the calculation the hon. gentleman had made, that he did not see on what principle he (Mr. DeCosmos) assumed that the annual payment of \$75,000, ranging over thirty years, was to be treated as a present cash loss to the Province of \$225,000. He (Mr. Cartwright) should be inclined to think that it would be much less than one half of that sum.

MR. DECOSMOS: I did not say it was a present cash loss; I said it would entail a loss of \$225,000.

MR. CARTWRIGHT said he was glad to be corrected. He had understood the hon. gentleman to add to his other enumerations the damage which

he claimed that Province had sustained, about \$18,000 or thereabouts, as being the cash interest on this loss, which was the loss of British Columbia from this time out on the \$500,000 which the hon. gentleman said the Dominion owed them. As to the little matter in dispute, the guarantee loan, floated in 1873, he could inform the hon. gentleman that it was not Dominion five per cents., but guaranteed Imperial four per cents, which were not properly applicable for a purpose of the kind to which he (Mr. DeCosmos) alluded. Speaking generally, the House would perceive that this Act was passed for a good reason, and he might also say that, if the application of the Province of British Columbia was declined, it was not with a view to embarrass the Government of that Province in any way, but simply because, at that particular time, the Dominion Government had so many and such heavy demands made upon them that it was a matter of very great difficulty, at the moment, to see how they were to meet the current liabilities that came crowding upon them without serious inconvenience to the general public service. He need not remind the House that at that particular time the distress in Canada in commercial circles was very serious, and very great difficulty was then experienced in obtaining from the several places in which money was deposited the sums that the Government really required to meet the wants of the public service. Any other discussion that might be had on this subject he thought would be more fitting when the several papers to which the hon. gentleman had referred were brought down, and they would be brought down at the earliest possible moment.

MR. DECOSMOS said the last excuse given by the hon. the Minister of Finance for not passing this money over to British Columbia was that distress then existed in Canada. By that, he presumed, he (Mr. Cartwright) meant old Canada; and this made up a large share apparently of the arguments of hon. members of the House, who seemed generally, when dealing in their disputes about matters of finance, to refer to old Canada as the Dominion,

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forgetting that there were besides the Maritime Provinces, with one million of people, another Maritime Province, which he hoped before long would also have its million of people in this Dominion. Why had not the hon. the Finance Minister, when he was dealing with the distress existing at that time in Canada, remembered that considerable distress would be entailed by his action in the Province of British Columbia as well. He (Mr. DeCosmos) thought that that Province was as much entitled to the hon. gentleman's consideration as this or any other Province, and he, therefore, took it that the hon. gentleman's excuse on that ground was neither full, nor complete, nor satisfactory. The hon. gentleman also said that he (Mr. DeCosmos) had made an error about the \$750,000 loan, and that the real difference between the actual and allowed debt not paid over, was some \$600,000 odd; but would any one suppose it to be desirable that any Government should go to the British Market, or any foreign money market, to borrow the difference between \$600,000 odd and \$750,000. If they would, not do so, then the reason why this \$750,000 was borrowed was to enable the Provincial Government to meet the liabilities which had been incurred. If the Dominion Government had paid this \$600,000 odd, there never would have been any earthly necessity to issue bonds for so small an amount as the excess over \$600,000; hence the hon. gentleman's allusion in that particular fell to the ground. The hon. gentleman said the Dominion Government had no intention to embarrass the Government of his Province. The Government of that Province was embarrassed, but the hon. gentleman's kindness was shown towards the bankers and others and the commercial people on this side. The hon. gentleman's whole soul was apparently engaged in sympathy with the bankers and the merchants on this side, with whom he (Mr. Cartwright) had previously no obligation, and not with British Columbia, with which the Government had an obligation. The hon. gentleman could not say that this Act cap. 17 was permissive, and could not state here on the floor of the House

that the Province of British Columbia had to give notice. He accepted from the hon. gentleman, to a certain extent, the necessity for notice; but not to the extent in which he (Mr. Cartwright) had put it. For the Province of British Columbia had given notice, and had negotiated with the Government of the Dominion for the advance of this money. The hon. the Premier of this Government had agreed with that Province, and the hon. the Finance Minister of the late Government had agreed with that Province to do so. And the hon. gentleman himself (Mr. Cartwright) had stalked through the Privy Council Chamber when the arrangement was made with the present Premier of the Dominion. His hon. friend the Minister of Marine and Fisheries knew that it was a deliberate and understood thing by the leading members of the Ministry when they came into power, and before the hon. gentleman (Mr. Cartwright) went to his constituency, that this money should be paid over to the Province of British Columbia; and, if he (Mr. Cartwright) came down to the House to-day, and told it that the Province had to give notice, that the Act was merely permissive, and that the Dominion Government could do as it pleased, he (Mr. DeCosmos) took this occasion to state that the hon. the Minister of Finance either made a very great error in this matter, or that the hon. gentleman's memory was exceedingly treacherous. It was obvious that it would not be proper to allow the other Provinces to draw without notice—and in this he certainly agreed with the hon. gentleman—on the Dominion Treasury, at their will and pleasure, without notifying them; and in this case of the Province of British Columbia, they had given notice, and had a positive agreement, and hence the objection of the hon. gentleman would not come under that head at all. With respect to the hon. the Premier, he knew full well when he brought his resolutions to go into Committee of Supply that the advance was to be made to British Columbia—for he (Mr. DeCosmos) had spoken to him on the subject, where he now sat, several times, and more than that he had written letters to the hon. the Finance

Minister, which he (Mr. DeCosmos) had in his possession at the present moment, with respect to this matter—in which he (Mr. DeCosmos) had asked when he was going to bring down his measure—and what for?—to carry out the agreement with British Columbia, not merely with respect to this loan, but also with respect to the graving dock. Hence, the statement that this Bill was introduced into this House, and that British Columbia was placed in the same position as other Provinces, was an error; and that it was an error, he believed, was capable of full and complete proof. The hon. gentleman said he knew nothing about this matter. He would remind the hon. gentleman that, when sitting in the Privy Council Chamber, he himself was there when this matter was understood, with other members of the Government. If it was not brought to the notice of the Finance Minister of this country, he could not

conceive why it was not; for it had been discussed over and over again by the hon. the Minister of Marine and Fisheries and others; and he was told, when he wanted to get the confirmation of this agreement with the late Government, that they saw no difficulty about this matter. He believed it was on his own suggestion to the Premier that this privilege should be extended to all the Provinces, that it was extended in the Act they had before them.

Mr. TUPPER said he quite concurred with the remark made by the hon. the Minister of Finance, that it would be more convenient for the House to take a discussion on this question, which was certainly a very important one, as presented by the hon. member, when the papers were all brought down and the facts were all before them.

Motion agreed to.

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