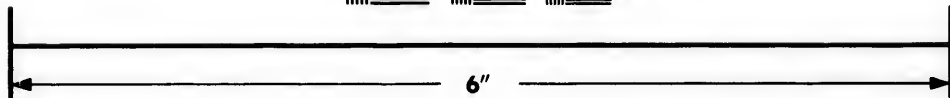
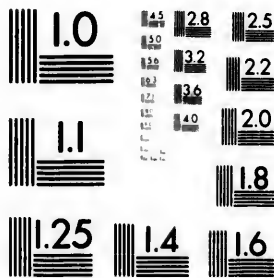


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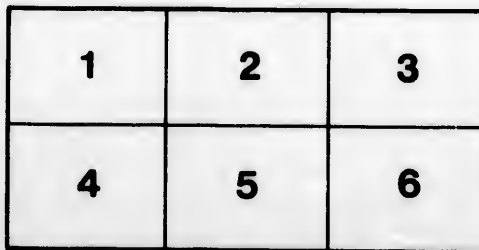
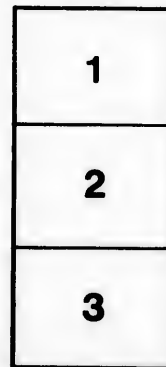
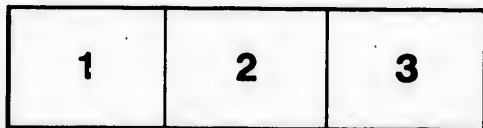
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BUDGET SPEECH

DELIVERED BY

HON. JOSEPH SHEHYN

TREASURER OF THE PROVINCE,

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC,

ON THE

15th FEBRUARY, 1889.



QUEBEC.

1889.

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336,714 BUDGET SPEECH
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DELIVERED BY

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TREASURER OF THE PROVINCE,

IN THE

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ON THE

15th FEBRUARY, 1889.



QUEBEC.

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BUDGET SPEECH

DELIVERED BY

HONORABLE JOSEPH SHEHYN,

TREASURER OF THE PROVINCE,

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC,

ON THE 15TH FEBRUARY, 1889.

The Speaker reported a message from the Lieutenant Governor, transmitting the Estimates.

Hon. Mr. SHEHYN, Provincial Treasurer, then rose amid applause and said:—

Mr. SPEAKER,—Before proposing the usual motion that the House do resolve itself into Committee of Supply, it is my duty to submit as full and clear a statement as possible of the financial affairs of the Province.

It is only a few months since I had the honor of addressing this House on a similar subject and of laying before you, Mr. Speaker, a statement which embraced all the details that could have been desired under the circumstances.

I propose, on the present occasion, to be not less explicit and to give such explanations as will, I trust, be found satisfactory and tend to show that we have not been neglectful of the interests committed to our control.

Before submitting the budget for the next fiscal year and asking for the necessary appropriations, it devolves upon me to prove that we have faithfully accomplished all that could be reasonably expected and that our promises have not been illusory.

Fully realizing the importance of the task I have undertaken, I will do my best not to disappoint hon. members of this House, who look to me to furnish such facts and figures as will satisfy them that we have thoroughly understood the responsibility of our stewardship.

But let us see if these assertions are borne out by real and tangible facts:

To render the statement I am about to make more easily understood, I shall indicate at once the order I intend to follow :

1. Remarks on the fiscal year 1887-88 ;
2. Assets and liabilities of the Province on 30th June, 1888 ;
3. Fiscal year 1888-89 ;
4. Conversion of the consolidated debt ;
5. Taxes on commercial corporations ;
6. Settlement of the accounts of the Province with the Dominion ;
7. Arbitration on the common school fund ;
8. Receipts and appropriations for 1889-90 ;
9. General remarks on the financial situation.

I shall now endeavor to give the House all the information possible on each of these heads.

The real operations, as detailed in the public accounts, are as follows :—

Receipts of the Fiscal Year 1887-88.

Dominion of Canada.....	\$1,261,872 81
Province of Ontario, on account of interest on common school fund.....	100,000 00
Crown lands.....	725,027 50
Administration of justice.....	252,204 23
Percentage on the fees of public officers.....	8,815 17
Licenses.....	360,199 26
Legislation.....	418 56
Asylums—contributions from municipalities and patients...	50,318 62
<i>Official Gazette</i>	17,605 34
Public buildings.....	1,853 25
Casual revenue.....	1,663 01
Contributions to civil service pension fund.....	5,468 24
Contributions to expenses of inspecting insurance companies.....	705 61
Industrial schools.....	38 00
Taxes on commercial corporations.....	558,393 00
Interest on deposits in banks and on loans.....	15,046 27
Premium, discount and exchange.....	424 46
Interest on the price of sale of the Q. M. O. & O. Railway..	371,873 66
Traffic arrears—Q. M. O. & O. Railway.....	3,066 84
Refunds.....	2,634 56
Total of ordinary receipts.....	\$3,738,228 39

shall

Trust funds—viz: teachers' pension fund.....	\$17,322	81
Security deposits by public officers.....	6,800	00
Security deposits for construction of iron bridges	3,856	00
City of Hull sinking fund.....	1,200	00
Marriage license fund.....	7,410	00
"La Canadienne" Insurance Co. deposit.....	5,000	00
		<hr/>
	41,558	81
Municipal loan fund.....	4,891	23
Leduc farm, on account of sale.....	4,000	00
Quebec fire loan.....	540	00
Repayments of advances.....	9,000	00
Refunds on account of construction—Q. M. O. & O. R'y....	62,495	18
Temporary loan.....	400,000	00
Proceeds of loan of 1888, including \$822.50 premium on N.Y. drafts.....	3,378,332	50
		<hr/>
Total receipts from all sources.....	\$7,639,076	11

each

72 81

Payments of the Fiscal Year 1887-88.

00 00

27 50

94 23

5 17

9 26

8 56

8 62

5 34

3 25

3 01

8 24

5 61

3 00

3 00

6 27

4 46

6 66

6 84

56

39

Public debt.....	\$1,103,710	94
Legislation.....	228,994	88
Civil government.....	208,677	61
Administration of justice, including police.....	457,845	10
Reformatories and industrial schools.....	88,708	13
Inspection of public offices.....	7,592	84
Public instruction.....	354,219	80
Literary and scientific institutions.....	11,739	78
Arts and manufactures.....	9,500	00
Agriculture.....	97,700	00
Immigration.....	7,300	00
Colonization roads and societies.....	87,500	00
Public works and buildings, imputable to revenue.....	145,096	91
Lunatic asylums.....	241,000	00
Benevolent institutions.....	39,316	00
Miscellaneous.....	31,419	75
Agent in France.....	2,500	00
Royal Commission on lunatic asylums.....	10,000	00
Supplying municipalities with Municipal Codes.....	5,000	00
Help to sufferers by Hull fire.....	5,000	00
Crown Lands Department.....	128,750	00

Municipalities' fund.....	3,648 00	
<i>Official Gazette</i>	13,644 33	
Charges on revenue, stamps, licenses, &c.....	11,469 12	
Pensions paid.....	15,033 12	
Q. M. O. & O. Railway: traffic expenses, claims.....	8,000 00	
Building and jury fund, amount paid by sheriffs out of collections.....	14,683 89	
Licenses : amount paid by revenue officers out of collections.....	26,982 16	
Total ordinary expenses.....	\$3,365,032 36	
Trust funds, viz. :—Marriage licenses distributed by		
Protestant Council of Public Instruction.....	\$6,984 00	
Security by public officers.....	1,918 83	
		8,902 83
New Parliament Buildings, construction.....	\$250,000 00	
New court house, Quebec, construction.....	210,000 00	
McGill normal school, to enlarge.....	2,500 00	
Arthabaska court house and gaol, new foundations ...	6,000 00	
Montreal court house, extension.....	21,422 83	
Court houses and gaols, new districts, heating apparatus.....	6,000 00	
Circuit court house and registry office, Kamouraska.....	6,000 00	
Iron bridges in municipalities.....	25,000 00	
Protestant asylum for the insane (to be recouped from proceeds of Leduc farm).....	10,000 00	
Insurance on Parliament Buildings, paid with transfer of property.....	32,765 00	
Codification of the laws.....	45,000 00	
Explorations in Dorchester, Levis and other counties.	10,000 00	
Crown Lands Department, to meet old engagements..	55,844 93	
		680,532 76
Subsidies to railway companies.....	\$648,275 30	
Q. M. O. & O. Railway, construction.....	14,000 00	
		662,275 30
Repayment of temporary loans.....	1,500,000 00	
		1,500,000 00
Total amount of payments.....	\$6,216,743 25	

Statement of Cash.

To Cash on hand on 30th June, 1887.....	81,751 66
Add temporary loans.....	400,000 00
" amount of consolidated loan.....	3,378,332 50
" trust funds.....	41,588 81
" warrants outstanding on 30th June, 1888.....	460,518 82
	<hr/>
	\$4,362,191 79
Less temporary loans repaid.....	\$1,500,000 00
" Excess of payments over receipts for 1888, repaid from loan.....	855,920 62
" Trust funds.....	8,902 83
" Insurance on old Parliament Buildings.....	32,765 00
" Warrants issued in 1887, but paid in 1888.....	240,753 27
	<hr/>
	\$2,638,341 72
To cash on hand on 30th June, 1888.....	<hr/> \$1,723,850 07

I

Remarks on the Fiscal Year 1887-88.

The public accounts for the fiscal year ended on the 30th June last, now in the hands of hon. members, together with the statements I have just read, obviate the necessity of entering into many lengthy and tiresome details. Still, while broadly sketching the general outcome of the year's operations, it may be desirable, as I proceed, to offer some comments or explanations, and I trust that the House will kindly bear with these, as my object is to make everything perfectly clear. I have already experienced its generous indulgence in this respect, but as I am well aware that there are many to whom financial statements and arrays of figures are always dry and uninteresting and as I do not wish to tax their patience too much, I shall anticipate a little and come at once to the more vital point upon which all desire information.

I have the pleasure to announce—and the House and country will, no doubt, be equally pleased to hear—that the operations of the past fiscal year have been crowned with a result, which is all the more gratifying and welcome that it is unprecedented in the financial history of the Province for many years. We have to thankfully acknowledge

A SURPLUS

of upwards of \$373,000 in the ordinary receipts over the ordinary expenditure of the year. But it is not sufficient to announce this pleasant fact: I must prove it, and in proper time and place in the course of my remarks I shall endeavor by facts and figures to do so.

Total Receipts and Payments.

As indicated by the public accounts, the total receipts and payments of the year were:

Total receipts, including trust funds, temporary loans and consolidated loan.....	\$7,639,076 11
Total payments, including the same items as above.....	6,216,743 25
<hr/>	
Surplus of total receipts over payments.....	\$1,422,332 86
Add to this surplus the cash on hand on 30th June, 1887...	81,751 66
And take into account the warrants issued in 1888 and still outstanding on 30th June last, viz.....	\$460,518 82
Less warrants of the previous year paid out during the year.....	240,753 27
	<hr/> 219,765 55

And the balance of..... \$1,723,850 07
will be found to correspond with the cash on hand on 30th June, 1888, as shown in the public accounts.

This, of course, only indicates the total results, but does not show the position exactly. To do this and ascertain the true difference between the actual receipts and the total ordinary and extraordinary expenditure, certain sums must be struck out. For instance, as I have just shown, the total payments for the year were..... \$6,216,743 25

But from this must be deducted the following :

Trust funds.....	\$ 8,902 83
Temporary loans repaid.....	1,500,000 00
Insurance on old Parliament House.....	32,765 00
	<hr/> 1,541,767 83

Leaving the real total expenditure.....	\$4,675,075 42
On the other hand, the total receipts were.....	\$7,639,076 11
Less trust funds.....	\$ 41,588 81
Temporary loans.....	400,000 00
Consolidated loan of 1888.....	3,378,332 50
	<hr/> 3,819,921 31
	<hr/> 3,819,154 80

Making the excess of special or extraordinary payments over receipts.....	\$855,920 62
---	--------------

Remark, however, that this sum of \$855,920.62 is not a real and unforeseen but only an apparent increase of expenditure, as it was provided for in our last loan and forms parts of the liabilities incurred by our predecessors when in office and to pay off which that loan was contracted. It is also apparently less than the estimate in my last budget, but we have virtually paid out a larger amount, the difference being covered by the excess of our ordinary receipts over ordinary payments, as will be shown hereafter when treating of the current receipts and expenditure.

Extraordinary Expenditure.

The total amount paid out for extraordinary expenditure, as per public accounts, was :

For sundries—(page 13, public accounts).....	\$ 680,532 76
Subsidies to railways, &c.....	662,275 30
Total extraordinary expenditure.....	\$1,342,808 06
Less insurance on Parliament Buildings.....	32,765 00
	\$ 1,310,043 06

We may also deduct the following :—

Surplus over ordinary expenditure.....	\$373,196 03
Sundry extraordinary receipts.....	18,431 23
“ “ “	62,495 18
	454,122 44

(See public accounts, page 12.)

Net amount to be covered by last loan.....	\$ 855,920 62
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The above figures will, I am sure, be found explicit enough as to the amount chargeable to capital and ought surely to prevent our opponents from again falling into the error, into which, willingly or unwillingly, they fell last year, of confounding ordinary expenditure with what was paid out of capital and which was to be covered by the new loan. Certainly, no unprejudiced mind at all versed in figures could ever have misconstrued my statement of last year as regards ordinary and extraordinary expenditure. To my mind, no statement could have been clearer than the one I then made.

Ordinary Revenue and Expenditure.

Now let us turn to the ordinary receipts and payments of the year. The ordinary operations of the year were as follows :

Ordinary receipts proper.....	\$3,738,228 39
Ordinary expenditure.....	3,365,062 36
Surplus over ordinary expenditure.....	\$ 373,196 03

As already remarked, this surplus of \$373,196 over the ordinary expenditure must be a source of satisfaction to the House, especially when it is considered that only in 1887 the ordinary expenses overran the ordinary receipts to the extent of \$324,251.16 and that since 1875 we had accumulated deficits year after year until their aggregate exceeded \$3,300,000. The present contrast with this undesirable state of things is so marked that I need not further dilate on it. However, I may add that the improvement would have been still more striking and that the surplus just shown of \$373,196 would have exceeded half a million of dollars, had the interest service on our debt remained the same as it was before our advent to power. This statement may seem somewhat paradoxical, but it should not be forgotten that the increase in our interest account is the result of the last provincial loan effected for the purpose of paying off a floating debt, for the creation of which we were in no way responsible. When we came to office—as I have already had occasion to explain in my former budget speeches—we found that we had on our hands as a legacy from our predecessors a floating debt of about \$4,000,000 of undisputed liabilities, a portion of which had to be met immediately and the balance at an early date. This floating debt, as you all know, consisted of temporary loans, railway subsidies and claims for the construction of our public buildings. We had in addition unsettled and disputed claims to the extent of \$4,500,000. Something had absolutely to be done to extricate the province from this situation and to maintain its credit at the requisite standard. Our ordinary revenue was inadequate to meet our ordinary expenditure and, under then existing circumstances, it was hopeless to look for relief in that quarter. Consequently, a loan was unavoidable and, with the proceeds of that loan, the bulk of the undisputed floating debt has been since paid off, as well as certain of the disputed claims, which were pronounced legitimately due by judgments of the law courts or admitted, after a proper and diligent enquiry into each case, in preference to following a litigious course, which would have been sure to saddle the Province with costs or exposed it to the risk of adverse decisions forcing it to pay heavier amounts. Therefore, as far as the increase of our interest account is concerned, we are in no wise responsible, as it merely represents the capital we had unavoidably to borrow to meet these obligations. In other words, if on the one hand we have reduced these obligations, we have on the other been naturally compelled to increase the interest service on our public debt. This increase represents a sum of \$125,950.62 more than 1886—the total amount paid for this service during the last fiscal year being \$1,103,710.94 as compared with \$977,760.12 in 1886. This explains the statement I made a moment ago that the surplus of \$373,196 of ordinary receipts over ordinary expenditure would have exceeded half a million but for the unavoidable augmentation of our interest service.

In my budget speech of 1887, I estimated the ordinary receipts as likely to

produce the sum of \$3,020,522.80, while the amount actually realized has been \$3,738,228.39, which is \$717,705.69 more than I estimated. I also estimated the total receipts from all sources at \$3,216,022.80, while they have reached the sum of \$3,819,154.80 or \$603,132 more than my estimate. It is true that in the \$3,738,228.39 of ordinary receipts is included some \$558,393 realized from arrears of taxes on commercial corporations, which were not covered by my estimate; but, even striking off this amount from the ordinary receipts, they would still show the sum of \$3,179,835.39 or \$159,312.59 more than estimated.

I find that from 1883 to 1887, which were the best years of our predecessors, the average annual ordinary receipts were \$2,884,109. Now, if you compare this with the result of the last fiscal year in the same respect, the latter shows an excess of \$295,726 over the average returns in any of the years extending from 1883 to 1887, and if you add to this excess the \$558,393, proceeds of the arrears of taxes on commercial corporations, you get a sum of \$854,119 more than in any year during the same period. Of course, to realize this excess of actual receipts over our estimates, some items must have produced more than we counted upon; at the same time others, which are fortunately of minor importance, have produced less than the estimates.

We have received in interest on collections made by Ontario from the common school fund \$100,000 instead of \$60,000.

The administration of justice has yielded some \$21,000 more; licenses, \$53,217 net beyond the estimates, and Crown lands \$68,000.00 over the amount calculated. But, if the ordinary receipts have exceeded our calculations, so also has the ordinary expenditure exceeded the original estimates, which were based upon the average of 1886. However, we soon found that they were inadequate to the exigencies of the public service and insufficient to meet all the obligations previously contracted, besides leaving no provision for the settlement of a number of old claims, which had been left in suspense and which had to be met, when it was established that they were legitimately due. During last session, when submitting my supplementary estimates for the last fiscal year, the existence and nature of several of these liabilities were fully discussed and explained to the House.

The average annual ordinary expenditure from 1883 to 1887 inclusively has been \$3,095,939. During the last fiscal year it reached the figure of \$3,365,052.36. But the difference in excess is easily accounted for, as, in the matter of interest alone on our public debt, we have had to pay \$213,961.94 more than was paid in 1883, and \$125,950.62 more than in 1886, so that, virtually speaking, outside of the increased interest paid out on our debt, which was both unavoidable and uncontrollable, the ordinary expenditure for the last fiscal year has remained about the same in all its other items as in 1883, 1884 and 1887.

The House will bear in view that we are not responsible, as already explained, for any additional interest on our public debt, which has gradually been increased by the liabilities previously contracted and for the extinction of which our last consolidated loan of \$3,500,000 was effected, and it must also be remembered that the amount of that loan was not sufficient to cover the floating debt as established at the time we obtained the necessary legislative power to negotiate the loan.

An examination of the following figures taken from the public accounts will show at a glance the gradual increase in the interest on our public debt and the net ordinary annual expenditure during the period extending from 1883 to 1887 :

1883—Total ordinary expenditure.....	\$3,090,981 00	
Less interest.....	889,794 00	
Net ordinary expenditure.....		\$ 2,201,187 00
1884—Total ordinary expenditure.....	\$3,088,075 00	
Less interest.....	964,192 00	
Net ordinary expenditure.....		\$ 2,123,883 00
1885—Total ordinary expenditure.....	\$2,931,443 00	
Less interest.....	980,110 00	
Net ordinary expenditure.....		\$ 1,951,333 00
1886—Total ordinary expenditure.....	\$3,023,283 00	
Less interest.....	977,760 00	
Net ordinary expenditure.....		\$ 2,045,523 00
1887—Total ordinary expenditure.....	\$3,286,232 00	
Less interest.....	1,016,022 00	
Net ordinary expenditure.....		\$ 2,270,210 00
1887-88—Total ordinary expenditure.....	\$3,363,032 00	
Less interest.....	1,103,710 00	
Net ordinary expenditure.....		\$ 2,259,322 00

These figures show that, except in 1885 and 1886, the average controllable annual expenditure was about the same as that of the last fiscal year, and, as for the years 1885 and 1886, it is well to bear in mind that those years were the years which immediately preceded the general elections. In view of that event and with the object of trying to conciliate the good graces of the electors, the then Government thought it high time to take a new departure by parading a policy very different

from that which they had until then followed. They all at once began indiscriminately to cut down expenses in the different branches of the public service, to such a degree as to threaten their efficiency, in order to present an appearance of economy and to endeavor to reduce to a minimum the deficits which up to that time had figured in the public accounts. It is needless to say that this was only an apparent economy, for, when we came into power on the 31st January, 1887, on looking into the financial situation, we soon discovered that my predecessor had been exceeding his appropriations, while an estimate of the balance of the receipts likely to come in for the remainder of the year and of the expenditure to be provided against for the same period showed that his appropriations were quite insufficient, and the result was that we were compelled to apply to the House for additional supplies to meet the case.

Our own experience, since we have been in office, has only tended to still further strengthen the conviction that the reductions of 1885 and 1886 were apparent and only attempted at the expense of the efficiency of the public service. Notwithstanding our sincere and earnest efforts to curtail the current expenditure during the past fiscal year, we have found it an impossibility to do so, owing to the increase of our interest service and to the necessity of meeting liabilities not incurred by us. But if we have not succeeded in bringing down the expenditure to the point that we would have wished, we have, on the other hand, succeeded in increasing our revenues and have brought them up to a standard which they have never reached before.

I cannot, however, dismiss the question generally of the expenditure without reminding the House that it is becoming yearly more and more difficult to keep down the current expenses, owing as well to the increase in the service for interest as to the fact that many items of the public service have to keep pace from year to year with the increase of the population. New demands are springing up all the time, and it is moreover almost impossible to check the general tendency of the country to call upon the Government of the province for a large measure of aid to every enterprise, whatever may be its nature or utility.

I must candidly admit that my experience, since I have been at the head of the Treasury Department, is that the universal feeling seems to be that the Government is bound to take the initiative in every undertaking, which either nearly or remotely wears the impress of a measure of public necessity, and that it is obligatory on our part to give it not only moral assistance, but in addition the amount of money required to carry it out, forgetting that the means at our disposal are only of a limited kind and out of all proportion to the constant demands made on the guardians of the public chest. Whilst, on the one hand, every one seems to be anxious for public expenditure, on the other hand, no one seems to be inclined to contribute in any shape to the ways and means required to carry out the policy all

so eagerly encourage. On the contrary, as a general rule, every possible influence is used, not only to escape doing so, but to avoid paying even the most legitimate claims of the Government. In fact, as already stated, the general tendency is unfortunately to look up to the Government for aid and assistance in every kind of undertaking, but to bitterly oppose any and every attempt that is made to increase the public revenue.

Extra Expenditure Justified.

Now, before passing to another head of my discourse, it is my duty to give such explanations to the House as will satisfy it that the extra expenditure in certain items has been legitimately incurred and was in the general interest of the province.

I have already dealt with the increase in our interest service, so it is unnecessary to here refer to it again.

I will therefore pass on to the next item, which is one of \$10,000, for the royal commission on lunatic asylums. For this we are responsible; but I am sure that no reasonable person will object to the utility of this expenditure, in view of the urgent necessity which had arisen to satisfy public opinion by a full and complete enquiry into our system for the maintenance and treatment of the insane. I am convinced that every one who reads the report of this commission must feel satisfied that this enquiry was absolutely needed and that the outlay incurred for the purpose is trifling, as compared with the importance of a subject in which the whole province and, indeed, the cause of humanity at large are interested.

We next come to the increase of \$11,000 caused by the additional number of patients admitted to the lunatic asylums. This item of additional expenditure could scarcely have been avoided, unless we had acted contrary to the spirit and intent of the law, and I may say that, with the increase of our population, the increase of this item is sure to go on, and its burthen will annually become heavier and heavier upon the Government of the province, unless some means more successful than any that have been yet tried can be found to alleviate it.

The following statement will at once show the rapid progressive increase of this item of our public expenditure since Confederation:—

In 1868, the amount paid for the maintenance of the insane was.	\$ 97,946 55
In 1871	125,458 00
“ 1881	200,000 00
“ 1888	241,000 00

The above figures need no comment. They speak sufficiently for themselves.

The Interprovincial Conference cost \$10,094.23 for reports, stenographers, translators, stationery and reception of the delegates. As to the importance or utility of the work of this conference and the principles involved, I do not

think it is necessary to allude in an examination of the nature I am now making. Still, I must say that the very holding of such a conference in our midst cannot be otherwise than beneficial to our province from the fact alone that it had the effect of drawing all the provinces into a closer relationship than had previously existed. Altogether, I consider this expenditure fully compensated by the immense results that will accrue to us from the holding of this Interprovincial Conference.

The repairs to court houses and gaols cost \$36,131.25, being \$21,131.25 more than our estimate, which was only \$15,000, and which turned out quite insufficient to meet the demands that were made for works admitted to be indispensable by reports filed in the Public Works Department, and recommended by the competent officer of the Department. Let me observe that for a long time little or nothing had been done in the shape of repairs and improvements to these buildings, so that most of them, I understand, would have considerably deteriorated, had they been allowed to continue as they were. It therefore became necessary, in order to keep them up to a proper standard and to avoid a larger expenditure hereafter, to spend a certain amount upon them. In order to economize, as little as possible had been previously spent upon them; but, when we came to power, we found after a careful examination by qualified persons, supported by official reports, that, however unpleasant it was to exceed our estimate, it was nevertheless an absolute necessity to go into this expenditure rather than allow our public property to suffer further depreciation.

Public buildings generally have also exceeded our estimates by \$43,877.50. This sum was expended in repairing the wall surrounding the old Parliament House, the wall of that portion of the Terrace known as the old Durham Terrace, which had become dangerous for the public, and on repairs to the McGill Normal School, which had become unhealthy, and to the Legislative Building, the Public Departments, &c. These various repairs had necessarily to be effected; but, unfortunately, no provision had been made for them in the estimates. That a part of them were urgently needed and could not be delayed without danger, there can be no question, and, had we not caused them to be executed, we would have exposed ourselves not only to adverse criticism, but, perhaps, to heavy damages, if any accident had occurred through our neglect, especially in the case of the wall supporting the public promenade, known as the old Durham Terrace, which is in our charge.

Administration of Justice.

Under this head, there has been an expenditure of about \$72,587.97 in excess of our estimates. This augmentation was due to the expenses entailed by the increased number of prisoners and condemnations, the holding of criminal terms in districts in which none had been held for some years previously, the settlement

and payment of outstanding claims, the increased costs consequent on the embezzlement of public moneys, the holding of special terms in Montreal, &c.

This branch of the public service seems to be gradually on the increase and calls every year for additional expenditure. I find that my predecessors in office had from year to year been pointing out to the House the impossibility of keeping down this item and the necessity of seeking some alleviation of its steadily growing burthen. No doubt, as the population increases, this service will also become more and more expensive, and the House must be prepared for the inevitable in this respect, unless some efficacious means can be found to overcome the difficulty.

In order to illustrate this subject, I believe I cannot do better than quote the very words of the honorable member for Sherbrooke in his budget speech for 1884. Said my honorable friend on that occasion :

“ I need hardly repeat what I have for the past ten years said to this House, that the expense of criminal justice should be paid by the Dominion Government, inasmuch as it is for the enforcement of their laws ; and the fact that the administration of criminal justice was given to the local authorities by the Confederation Act by no means implies that it was to be at their expense, but as we have had courts of justice established, and had the exclusive right to establish such courts, that it was more convenient for us to administer the criminal law than for the Dominion authorities to do it. From some hints which fell from some members of the Privy Council in Ottawa I am in hopes we shall be relieved from the burden, or compensation will be made to us, so as to assist in the administration of criminal law. If no assistance should be rendered by the Dominion Government, it may hereafter become a question of necessity with us whether we must not resort to the same plan adopted by, I believe, all our sister provinces, to place a larger share of the criminal justice upon the municipal authorities than is now done, in order to relieve the provincial authorities from bearing, I may say, the whole of such expense, as at present is the case. In the meantime, I hope that this will not be necessary.”

So thoroughly imbued was my honorable friend with the correctness and force of his views that, in 1885, he returned to the subject and, in his budget speech for that year, pointed out the evils arising from certain branches of the administration of justice, in the following terms :—

“ I shall not repeat what I have so often said as to the obligation of the Dominion Government to assume the cost of the administration of criminal justice.”

“ This matter was again brought before the Government in Ottawa in January last, and it was promised attention, particularly with reference to amending the law so as to provide for a further extension of the speedy trial system before

“ police and district magistrates, by taking away the right of the accused to ask for
 “ a jury trial for minor offences, thereby assuring the more speedy conviction of
 “ offenders or their release, if innocent, as the case might be, and saving a large
 “ cost to the province, not only in trials for offences, but in keeping of prisoners
 “ in jail awaiting their trial.

“ I am afraid, Mr. Speaker, that in many cases officers of our courts try to
 “ induce prisoners for petty offences to ask for a jury trial instead of a trial before
 “ a police or district magistrate, so that it may be necessary to summon grand and
 “ petty jurors, in order that they may obtain fees in summoning the jurors and
 “ witnesses, entailing large expenses on the Crown, in payment of Crown officers,
 “ jurors, constables and witnesses. The relieving of a few of such officials from
 “ further services under the Crown would produce a good effect.

“ Reformatory Prisons for Boys.—Montreal, Levis and Sherbrooke.

“ There was spent on these reformatories last year \$54,500, and voted for
 “ this year \$55,000, and asked for next year's operations \$55,000.

“ I am at not at all satisfied with the operation of these institutions. There
 “ are too many young boys sent there for trifling offences; they derive little, if
 “ any, good from their detention; when liberated, not knowing anything about
 “ farming pursuits, they go to the cities for employment and fall again into vice
 “ and finally in many instances graduate in the penitentiaries. They ought to be
 “ brought up far more to agricultural pursuits than they now are, not so many
 “ kept together as there are in the city institutions, and, when liberated, the boys
 “ would seek work in the country parts, and be far less likely to fall again into
 “ crime. (Cheers.) Again, the price paid for the keep of the boys is by far too
 “ high and, when another contract is made, I hope this will be looked after.”

Such were my predecessor's views relative to the expenses of the adminis-
 tration of justice.

The following figures will indicate at a glance the ratio of increase in the cost
 of the administration of justice since Confederation and the extent to which it is
 weighing on the budget of the province:—

In 1868, we paid for this service.....	\$311,388.00
“ 1878 “ “ “	484,777.00
“ 1888 “ “ “	546,464.00

It is no wonder that my predecessor should have complained of the continual
 increase in the cost of this service—an increase which was equivalent to 50 per
 cent. in 1878 over 1868 and to a little over 12½ per cent. in 1888 over 1878.

It must, however, be admitted that, since we have been in power, we have
 endeavored to settle all pending affairs, that this department has been conducted

with vigor, and that, with the view of making the service as effective as possible, many important reforms have been introduced, which will contribute to make it more perfect and satisfactory as far as the public requirements are concerned; but it is needless to say that this desirable result could only be attained at the expense of increased cost.

Some of the following items were unforeseen, and others were considered useful and necessary in the interests of the public service:

Aid to sufferers by Hull fire—unforeseen.....	\$	5,000.00
Election expenses in consequence of more elections being held than was expected owing to the large number of contestations.....	"	5,000.00
Special roads, bridges and culverts in county of Beauce in connection with the settlers brought from the Labrador coast by our predecessors	"	3,000.00
Expenditure in connection with the codification of the statutes.....	"	6,741.00
Supplying municipalities with the Civil Code.....		5,000.00
Agricultural Commission.....		3,000.00
Increased sessional allowance—passed unanimously.....		17,800.00
Add together these various items, a part of which were accidental, and unforeseen, whilst others were indispensable, and you get a sum of \$340,182.57.		
Now if you take the total expenditure for 1888.....	\$3,365,032.36	
And deduct from it these.....	340,182.57	
The net sum left will be.....	\$3,024,859.79	

Making the total ordinary expenditure of 1888, after deduction of the items just enumerated, about the same as it was in 1886, when it amounted to \$3,032,607.25.

Now, I think that, as regards the ordinary receipts and expenditure of the last fiscal year, I have given all the explanations it is possible to give as to the items in which there has been an excess of expenditure and as to the causes which occasioned it, and I believe that the House will be fully satisfied that I have stated clearly what was uncontrollable, what unforeseen when making out the estimates, and what part was specially employed for the improvement of the public service.

It will be—I am sure—readily admitted that the policy we have pursued has been one of vigor and action. On the one hand, we have done all it was possible to do to increase our sources of revenue, and, in this direction, our efforts—I am happy to say—have not been altogether unsuccessful; but, on the other hand, if we have gone to some additional expense to attain this object, no one having the interest of the province at heart will find fault with us, especially when our only object in doing so has been to place the public service in the best state of efficiency attainable under the circumstances in which we were placed and in the face of the innumerable difficulties by which we were surrounded. However, we had the nerve and the courage to meet them manfully and to solve and settle them wherever practicable. Our sole aim has been to restore the credit of the province to a sound basis and at the same time to carry out a policy, whose object was not only to secure an increased effectiveness in all the public departments, but likewise to give all the wise encouragement possible to the development of the natural resources of the province.

Collection of the Revenue.

In connection with the work of increasing the efficiency of the public service, let me instance *en passant* what has been done to improve the service of the collection of the revenue, although it has only been effected within the current year.

Everyone acquainted with the working of our Treasury department is aware of the fact that a change in the direction of a better division of the labor had been long and urgently demanded, especially by the great development of the province since Confederation, the increase of population, the extension of the territory to be covered, and the constant augmentation of the number of new municipalities erected, coupled with the increased importance of old services and the creation of new ones. It is only necessary to contrast the operations of the Treasury in 1868 and its present operations, to at once appreciate the immense increase referred to. Thus the ordinary receipts, which were only \$1,529,043.20 in 1868, had swelled to \$2,036,868.91 in 1875, and to \$2,965,566.62 in 1887, or to about double their figure in 1868; and the ordinary expenses, which only amounted to \$1,164,260.22 in 1868 and to \$2,019,410.91 in 1875, had increased to \$3,386,232.70 in 1887, or to more than double their figure in 1868. Among the services which have largely added to the original work of the department may be mentioned the increase in the collection of license duties, the tax on commercial corporations, receipts and payments in connection with the railway policy, the contributions of municipalities to the building and jury fund, the municipal loan fund, the maintenance of the insane, of vagrants in the common gaols, of children in the reformatories and industrial schools, &c. In fact, in nearly every branch of the department, the

work had so rapidly increased that the various services could not be efficiently looked after and followed—the result being, that the revenue of the province was suffering from the absence of that direct control and constant supervision, which are so essential to protect the Government from loss in its collection. Additional burdens and responsibilities were also being from year to year thrown on the shoulders of the Assistant Treasurer, and, in order to relieve this important officer to such an extent that it might be possible for him to more freely and effectually devote himself to the work of general supervision and to matters of finance proper, and release him from the details of revenue collections and the enormous correspondence necessitated by the development of affairs, we decided, after a careful and exhaustive study of the situation, to divide the labor. A special revenue bureau has accordingly been created within the department, to which has been entrusted the administration of revenue collections under the care of an experienced and responsible officer styled the Comptroller of Provincial Revenue. This officer has, under his control and supervision, the services above mentioned, or which may be hereafter added thereto, and the collectors of provincial revenue in the twenty-six actual revenue districts of the province. As the principal object in view in creating this bureau is to assure a closer and more efficient following up of these services, in order to protect the public interests and increase the revenue, a special Inspector of Revenue has been attached to the office of the Comptroller, whose duty it is to inspect at all times when deemed necessary, but at least once a year, the offices and books of the different collectors of provincial revenue, and to ascertain by personal enquiry and observation how those officers perform their duties and how the revenue laws are observed in the different districts.

I may remark that these two appointments have been made on the principle of promotion, without increasing the departmental staff except by one clerk, and that the two officers named have had a long experience of the working of the department and enjoy a well-earned reputation for zeal and ability.

I think it needless to further justify these changes, as their absolute necessity must strike every one. Moreover, at Ottawa, it has long been found desirable to have entirely separate departments for finance proper and for the collection of internal revenue, and the time is long past when the same deputy head in the province of Quebec should be held responsible for everything pertaining to finance and revenue. Hereafter, Mr. Machin will be free to devote all his energies to questions of finance proper, such as banking matters, loans and a host of kindred affairs that require the constant attention of a financier of ability and repute.

I should not omit to mention also that, to meet the well understood wishes of the important city of Montreal, the force of revenue police there, charged with the protection of the license revenue and the interests of public morality, has been increased from three to six, and that of Quebec from one to two. I consider it

unnecessary either to justify these changes, as they have been dictated by the necessities of the situation and their results cannot fail to be beneficial, both financially and morally.

Only a few months have elapsed since these changes have been made and already we have had occasion to congratulate ourselves on having made them.

The new Inspector has already visited several parts of the revenue districts and his reports on the administration of the different collectors, as well as on the working of the license laws in the municipalities, are of a nature to supply us with valuable information and to enable us to exercise a greater supervision over everything connected with the collection of the revenue.

Apart from the usefulness of the new Inspector, the business of the new branch, since the Comptroller has taken charge, has been promptly despatched and efficiently supervised.

The changes made in the revenue police force at Quebec and Montreal had become indispensable and have been favorably received by all anxious for the maintenance of good order and morality, especially as regards the illicit liquor traffic and its resultant abuses, as, with a more effective force, it will be easier to get rid of the unlicensed liquor dealers and to better enforce the law.

Before effecting any reforms, should there be occasion for them, in the general account-keeping, it is essential to first thoroughly understand its actual working and to ascertain to what extent it is really suited to the requirements of the different services. This question is now being studied. Certain reforms are desirable, but they cannot be carried out until the whole system and its adaptability to the wants of the public service have been exhaustively examined and considered.

Consequently, before thinking of serious reforms in that direction, it is absolutely necessary to thoroughly master the actual machinery and ascertain its defects; and it is only through much experience and study that a practical solution on this head can be arrived at.

Special Warrants and Supplementary Estimates.

Before closing my remarks on the fiscal year ended on the 30th June, 1888, I think it not misplaced to say a few words on a subject which has been used as a text by our friends of the Opposition.

In the hope of making political capital at our expense, our honorable friends of the Opposition have denounced us for having issued special warrants and demanded supplementary estimates.

This is unfair, when all the circumstances are taken into account, when it is remembered that we had only just come into power, that, having nothing else to guide us, we had necessarily to base our estimates on the average of theirs of the

previous fiscal year, 1886, and that, if our estimates turned out insufficient, the fact was in a large measure due to the liabilities which they left us and which had to be settled. The payments we have made are easily explained, and it therefore comes with a very poor grace from our adversaries to find fault with us, as in doing so they only condemn their own policy, they themselves, to a much larger extent than we have done, having frequently had recourse to special warrants and supplementary estimates to cover the glaring insufficiency of their appropriations.

It is unnecessary to go back very far for proof of this assertion. In 1881-82, under the treasurership of Hon. Mr. Wurtele, special warrants were issued to the extent of \$166,956.79 making, with the \$152,849.00 of supplementary estimates asked, a total of \$319,705.79. In 1882-83, special warrants to the amount of \$488,929.97 were issued, to which must be added \$44,472 of supplementary estimates for the same service, notwithstanding the fact that during these two years there was, in the ordinary operations, a deficit of \$208,858.22 in 1882, and of \$341,236.06 in 1883. But a glance back at the past will immediately show that our predecessors had regular recourse to special warrants to meet expenses that were unforeseen but not extraordinary in their nature, for the most of these warrants were to cover the insufficiency of the appropriations for the different ordinary and controllable branches of the public service.

The following table will show that, before our entry into office, recourse was had regularly and largely to special warrants, whenever it was necessary to supplement insufficient appropriations:—

In 1872 special warrants were issued to the amount of.....	\$126,497.52
“ 1873 “ “ “ “	151,054.43
“ 1874 “ “ “ “	67,431.72
“ 1875 “ “ “ “	41,747.83
“ 1876 “ “ “ “	81,046.67
“ 1877 “ “ “ “	86,343.02
“ 1878 “ “ “ “	130,049.66
“ 1879 “ “ “ “	205,857.97
“ 1880 “ “ “ “	127,071.43
“ 1881 “ “ “ “	36,696.46
“ 1882 “ “ “ “	166,956.79
“ 1883 “ “ “ “	488,929.97

In 1885 and 1886, no special warrants, but supplementary estimates..

In 1887 from 30th June, 1886, to 31st January..... 43,932.82

Apart from these special warrants, regular and invariable recourse was had to supplementary estimates, which proves the impossibility of foreseeing everything. Consequently our friends on the other side should have no reason to

appear so astonished at the fact that we issued special warrants to meet expenses which could not be foreseen, when they themselves resorted so constantly to the same method.

I beg my honorable friends of the Opposition to believe that I do not recall these facts as much with the view of blaming them, as to show that the issuing of special warrants during the fiscal year in question, when we had no opportunity of knowing or ascertaining exactly what were the actual requirements of the public service, was excusable enough, considering that our predecessors, with all their past experience, could not avoid doing so during almost every year that they had charge of the finances.

But there is an important difference in our favor: if we issued special warrants, we found means to pay them without having a deficit.

II.

Assets and Liabilities on 30th June, 1888.

Allow me now to give the House an approximate statement of the assets and liabilities of the province as they stood at the end of the last fiscal year:—

APPROXIMATE STATEMENT of the Assets and Liabilities of the Province of Quebec, on the 30th June, 1888, based on the official reports of the different departments, but not including a large amount of contested claims against the Government, or the amount due to the province from the municipal loan fund:—

Liabilities.

Funded debt outstanding	\$21,570,333 33
Temporary deposits	229,026 23
Outstanding warrants	460,518 82
Railway money subsidies authorized, but not yet earned.....	425,724 85
Railway land subsidies, converted into money subsidies, authorized, but not yet earned, balance on the first 35 cts. per acre.....	612,828 80
Railway land subsidies which may be converted into money subsidies, 898,000 acres at 70 cts. per acre.....	\$ 628,600 00
First 35 cts. per acre payable as the work is done... ..	314,300 00
Estimated cost of completing Parliament Buildings.....	125,729 53

Contract for statues on Parliament Buildings....	25,000 00
Estimated amount required to complete Quebec Court House.....	100,000 00
Balance of land and other debts Q. M. O. & O. Railway	90,000 00
Loss on Exchange Bank deposit.....	27,000 00
Quebec Court House bonds	200,000 00
	<hr/>
	\$24,180,461 56

Assets.

Part of price of Q. M. O. & O. Railway deposited in banks.....	\$ 385,000 00
Part of price of Q. M. O. & O. Railway invested in Quebec Court House bonds.....	200,000 00
Part of price, do, invested in city of Quebec debentures.....	15,000 00
Balance of price of Q. M. O. & O. Railway unpaid.....	7,000,000 00
	<hr/>
	\$ 7,600,000 00
Capitalized railway subsidies under Dominion Act, 47 Vic., chap. 8.....	\$ 2,394,000 00
Claim against Hon. Thomas McGreevy.....	100,000 00
Cash in banks	1,723,850 07
Cost of Jacques Cartier School, Montreal, to be repaid from sale of property.....	138,348 02
Advances to various parties.....	78,771 40
Estimated amount due as interest on Common School Fund from Ontario.....	50,000 00
Quebec Court House tax under 45 Vic., chap. 26, and 48 Vic., chap. 15.....	200,000 00
	<hr/>
	\$12,284,969 49
Excess of liabilities over assets on 30th June, 1888	11,895,492 07
	<hr/>
	\$24,180,461 56

This statement does not differ materially from that presented last session. It is true that the total amount looks larger, but in reality it is only very slightly so.

The funded debt, which amounted on 30th June, 1887, to \$18,117,233, is now \$21,570,333.33—our last loan of \$3,500,000 having since been added to it. On the debit side of the account, we have still outstanding a part of the obligations for which the loan was contracted, whereas, on the credit side, we have as cash on hand the sum of \$1,723,850.07 which represents the unexpended portion of the loan.

Therefore, if, on the one hand, the liabilities are larger, on the other, the assets also show an increase from \$10,859,069.10 on the 30th June, 1887, to \$12,284,947.19 on the 30th June, 1888, this increase being produced by the residue of the loan still on hand.

The excess of liabilities over assets shows a slight increase, the items of which were fully discussed last session. It is, however, easy to account for this increase in our liabilities, as the full amount of the last loan is charged, while the cash is only credited with the amount realized, viz, \$3,378,332.50, which makes a difference of \$121,667.50, representing the loss between 96½ at which our bonds were sold and their face value.

The House will recall that the floating debt, as valued in my last budget speech, amounted to \$3,761,466.75 net, so that the net proceeds as above stated of our loan to cover it fell short of doing so to the extent of \$385,134.25. Now add to this sum the \$121,667.50, loss incurred on the sale of the bonds, and a sum of \$504,801.75 is reached, which accounts for the additional amount of liabilities over assets. The surplus in ordinary receipts over ordinary expenditure, viz, \$373,193.03, has gone generally towards the payment of the construction account of the Parliament Buildings, Quebec Court House and other items; the amount put down on 31st January, 1887, as being required to finish those buildings, having been found insufficient.

It is now clear that the amount of floating debt and disputed claims was underrated and that they should have figured for a larger sum than was furnished us when making out, on the 31st January, 1887, the statement of our liabilities. The real amount, as far as visible and as far as can be accounted for, will be sure to reach \$4,000,000 to \$4,500,000, leaving out of the question all disputed claims that are still pending and may be decided against us. It must therefore appear evident to all that our loan, which netted only \$3,378,332.50, was insufficient to cover the total amount of our floating debt and that it should have been somewhat larger. However, at the time we made our statement, it was difficult, if not impossible, to foresee that certain items of the disputed claims would go against us, although, it will be remembered, that we then stated very distinctly that there seemed to be a certain amount of these claims which would inevitably have to be paid.

Out of the proceeds of the loan, we paid during the past fiscal year all we owed in the shape of temporary loans, so that all that now remains under the head of temporary deposits consists of trust funds.

The amount of outstanding warrants is larger than usual, but this is entirely due to the fact that our last session was still going on at the expiration of the last fiscal year and that we could not close our books at that date, as the supplementary estimates intended to complete that year's service were not voted till the 12th July, so that, although the warrants had been issued, the cheques were still outstanding at that date. This, however, in no wise affected the total public expenditure for that fiscal year, as all these payments are regularly entered and charged among the expenses of that year. When these cheques come in, it will, of course, affect our cash balance to that extent—that is all; hence the object of placing the amount on the liability side, whilst the assets include the full amount of the cash on hand on 30th June.

As regards subsidies to railways, these are gradually being paid off and all that figures under that head will be ultimately and inevitably claimed. There can be no doubt as to the balance of the railway money subsidies and the railway converted land subsidies—these are sure to be earned by the different companies thereto entitled; while as to the companies, which have a right to a land subsidy, but which have not yet applied for conversion, there is little doubt, according to Mr. Moreau's report, that they will do so in due course.

The items for the completion of the Quebec Court House and Parliament Buildings call for no particular comment, as they were partly voted last session and the remainder will be duly explained in our estimates. I may say, however, that in the amount estimated for the completion of the Parliament Buildings are included some \$48,000 already voted and intended to purchase property, including the Skating Rink, etc., but which had not been expended for the purpose on the 30th June last.

In the amount of \$100,000 towards the completion of the Quebec Court House are included the items voted last session, the residue being supposed to represent the balance required for a full and clear settlement of all claims outstanding in the connection on the 30th June last.

The item for land and other debts arising out of the construction of the Q. M. O. & O. Railway is approximative and will be duly explained whenever the House is called to vote upon any estimate required for the purpose. In this item, however, is comprised some \$45,000 representing the Bellerive property purchased in 1878. The capital of this claim is not payable till 1892, but, in the meantime, the Province has to pay 7 per cent. per annum interest upon it. I understand that an offer was made to pay off this capital, but that it was refused.

As for the loss on the Exchange Bank deposit, I have only to state that it cannot be yet ascertained. The trustees are not yet in a position to announce the exact amount of the final dividend to be declared.

Now, coming to the assets, it is only necessary to observe that, as they present no material difference from their condition as reported last session, no special explanations are called for. Honorable members can judge for themselves of their nature and real value.

There is no necessity, I believe, to say anything more on the head of the liabilities and assets, as the explanations I have given should be considered satisfactory in all respects.

III.

Fiscal Year 1888-89.

As only one-half of this fiscal year has yet expired, it will be readily understood that it is impossible for me to indicate precisely the result of its total operations.

A glance at the statement of receipts and expenses will show that for the moment the latter are in excess, which is, however, easily explained. The expenses, for the six months elapsed to the 31st December, amount to the sum of.....\$1,893,287.05
And the receipts for the same period to..... 1,744,802.62

Leaving an excess of expenses over receipts, of.....\$ 148,484.43

But this difference between the receipts and expenses is only temporary and easily understood. The operations of the first six months of the year should not be taken as a criterion by which to judge of the result of the whole year.

It is well known that at certain dates the expenditure is higher than at others; and the same remark applies to the receipts. For instance, at the beginning of the year, we are obliged to make large disbursements for the grants in favor of colonization, education and agriculture. On the other hand, the receipts only come in periodically. This is the case with our principal receipts and especially with those arising from Crown lands or derived from our Federal subsidy and from license dues.

Thus, in December, we had to transmit to England a sum of \$249,147.51 to meet the interest falling due on the 1st January on a portion of our bonds. This immediately explains the difference, existing on the 31st December, between the receipts and expenses, because in the course of that month, we had to pay out at least double the amount of our usual monthly expenditure.

On the other hand, since the 1st January, we have received the balance of our Federal subsidy, viz., \$569,626.40, and there is half a million dollars due to the Crown Lands Department, which will come in between this and the 30th June next. The receipt of this sum, added to the amount of the Federal subsidy, will give us at once a pretty considerable surplus of receipts over ordinary expenditure.

These explanations consequently suffice to show that the discrepancy between the receipts and expenses is only temporary. Certain sources of revenue will exceed the estimate. Crown lands, among others, will yield a larger sum. I also expect that the license dues, which were increased 25 per cent. by the law passed last session, will have the effect of swelling that source of revenue. Altogether, according to my estimates, I have every reason to believe that the receipts will considerably exceed the figure at which I estimated them.

As for the expenses, they show certain variations from my estimates which will be easily understood. Apart, however, from the supplementary estimates, which will be asked from the House, they will not exceed the appropriations.

Among the receipts, there is a sum of \$2,229,670.45, which has been paid in as a guarantee deposit by certain railway companies under the Acts 39th Vic., chap. 3, 40th Vic., chap. 3, and 47th Vic., chap. 70, respecting the subsidies granted to railway companies and certain guarantees of interest on their bonds or debentures by the Province of Quebec. In conformity with the requirements of these laws, the following companies have made the necessary deposit in order to obtain the Government's guarantee of their bonds or debentures:—

Temiscouata Railway Company.

Guarantee of interest during 10 years, from 1st July, 1888.....\$ 644,573.45

Montreal & Lake Maskinongé Railway Company.

Guarantee of interest during 7 years from 1st December..... 32,703.00

Quebec & Lake St. John Railway Company.

Guarantee of interest during 10 years, but this guarantee of interest has not yet been definitely endorsed by the Government on the bonds of this railway, as they have not yet been sold..... 1,552,394.00

\$2,229,670.45

IV.

Conversion of the Debt.

During last session, the Legislature passed an act authorizing the Government to effect the conversion of the funded debt of the province. The object of this

measure—as we all know—was to effect a considerable saving in the interest service of our public debt. The circumstances were favorable; capital in Europe was abundant and cheap; and the prospects generally were such as to warrant the hope that an advantageous conversion could be accomplished.

In proposing the scheme to the House, it never occurred to us for a moment to suspect that it would be singled out for such violent and bitter attack, as it has been by those who—we had a right to suppose—should have been actuated in the matter by higher sentiments than those of a factious opposition. However, we soon found out our mistake, for no sooner was the measure fully before the public than it was assailed by our opponents in the most injudicious and mischievous spirit. Without stopping to reckon the consequences from any other standpoint than that of party, they resorted to every means in order to defeat a project which was only intended to alleviate a burden that was weighing heavily on our limited resources. All their efforts were directed to alarming the bondholders as to the intentions of the Government, who were misrepresented as bent upon dealing with them unfairly and unjustly. Perfectly indifferent to the injury they were doing to the credit of the province, provided they only gained their ends, they did not hesitate to arouse the prejudices of capital, ever sensitive to the slightest breath of misrepresentation, nor did they scruple about sacrificing the best interests of the province, all they desired being to thwart the measure, because it had not emanated from themselves.

Now, as already stated and as we all know, capital is very sensitive, and it is never a difficult task to prevent the success of even the best financial scheme by appealing to the prejudices of capitalists and raising an alarm among the parties interested. Unfortunately, the unwarrantable appeals to these prejudices from this side of the Atlantic soon found an echo in an interested press on the other side, which seems to have been only too glad to reproduce articles so mischievous in their nature. Still, I am quite sure that if the managers of the great London papers had only suspected for a moment the motives actuating a certain press on this side in taking a stand against a measure which would have been so beneficial to the province, they would never have fallen into the trap set for them or lent a helping hand to those whose sole object was to injure their political opponents here and not to protect the bondholders.

Notwithstanding the official declarations made when the measure was before the Legislative Council that the Government did not intend to effect a coercive conversion and which should have been sufficient to allay the fears of the bondholders, the attacks of the political opponents of the scheme were so violent and persistent that the mischievous object aimed at, which was to prejudice capitalists against our province and to persuade the bondholders that their bonds would be forcibly taken out of their hands and replaced by inferior ones, was attained.

Under the circumstances, we did not think it wise to place our conversion project on the money market, preferring to wait until the public mind had had time to calm down and to find how misleading were the statements of the parties, whose sole object was to defeat the measure at any cost for political purposes.

Besides, it would have been impossible for us to have carried out this conversion, so long as we remained in doubt as to the attitude that might be taken by the Federal authorities, who had been so strongly urged to disallow the act and who were represented as only too willing to accept the suggestions of their political friends.

Pending the removal of this doubt, it would have been imprudent on our part to have risked such an important transaction as the proposed conversion, hampered as we were also by an opposition bent on defeating our scheme by all possible means.

In fact, in the face of the prejudices that had been only too successfully raised against the measure and the steps that had been taken to turn the money market against us, the only course left us was to let the matter stand for the moment and wait for a more favorable opportunity to effect the operation. Judging from the few negotiations which have already been had on the subject, and, under more favorable circumstances, we have every reason to believe in the possibility of an advantageous conversion from every point of view, especially if it can be effected on the desired conditions.

Several powerful institutions, well able to successfully carry out a scheme of the kind, had already made advances to us on the subject, offering to take charge of the conversion; but we have not accepted their propositions, as we did not consider that they were as good as they would have been, if we had been free to operate in an unprejudiced market.

We feel perfectly convinced that, after a while, when our real intentions are rightly known and when it is well understood that the proposed conversion is to be a voluntary one on both sides, all these obstacles will disappear.

Before dropping this subject, I may simply add that our only object throughout has been to promote the good of the province by raising our credit to its proper standard and by carrying out a policy aimed at the effecting of a considerable saving in our interest service.

V.

Taxes on Commercial Corporations.

I must protest against the attempts which have been made to deceive the public on this subject and which I will not stop to qualify as they deserve. We have been persistently charged by the Opposition press with being the

authors of this tax and they have endeavored to throw as much odium as possible on us for its imposition. This is bad enough, but the injustice becomes altogether intolerable when ex-Ministers are found joining, as I am told, in the hue and cry which has been raised to mislead public opinion in the connection, by throwing upon our shoulders all the responsibility for the burthen imposed by a law which they themselves had placed on the statute book. I think it therefore my duty to take this occasion to point out beyond the possibility of mistake who should rightfully bear the responsibility for the enactment of this tax, so that those who feign to ignore who are really the authors of the law may have no excuse for doing so any longer and that the public may understand the true inwardness of those who have been loudest in their denunciations of us in the matter, but who never uttered a syllable of protest so long as they imagined that to do so might be injurious to their political friends.

As for our position with regard to this tax it was very clearly defined by my honorable leader, the Premier, in his speech before the Club National at Montreal, on the 10th April, 1888. Said Mr. Mercier on that occasion :—

“ In 1882, the Chapeau Government imposed a special and direct tax on banks, insurance companies, railways and other bodies. The corporations concerned refused to pay and a great number of suits were taken out and pleaded before the courts, incurring considerable costs which had already, on our coming into power, reached a sum of nearly \$50,000. These suits, carried in appeal to the Privy Council, in England, had been suspended in 1886, the year of the general elections : it is easy to surmise the reason. It was our duty to bring the matter to an end ; we, therefore, as early as the month of April, instructed Mr. Geoffrion to go to England and to press the suits with all despatch. Mr. Geoffrion brilliantly succeeded and secured judgment in favor of the Government.

“ The collection of the tax was speedily made, and at the present moment we have received more than half a million of dollars from that source. Corporations which, after that final judgment, refused to pay, have been sued and must pay, for they can no longer escape condemnation. We apply this law, because it is the law ; but we believe that, in its application, it inflicts certain injustices which will soon be made to disappear, as well in the interest of the companies as in that of the province. And if our plans with reference to the readjustment of the Federal subsidy, as accepted by the Interprovincial Conference, succeed, as we have reason to hope, the treasury of the province will then be in a favorable enough condition to permit the Government to consider the opportunity of doing away altogether with this tax.”

There is a good deal of difference between this language and that of my predecessors.

And, in my own budget speech, on the 14th June last, I used the following language :—

“ The energetic action we have taken with regard to the tax on commercial corporations will yield us an increase of revenue which Hon. Mr. Wurtle estimated at \$125,000 a year. There is no doubt that the law which imposes this tax contains provisions which are somewhat arbitrary ; but it is the law and we are forced to observe it as it is, so long as circumstances will not allow of its repeal. We regret to be under the necessity of collecting this tax, but, if we obtain the changes we ask in the figure of the Federal subsidy, I have every reason to believe that we will be then able to consider the propriety of materially modifying or repealing it.”

It will thus be seen that, in so far as we are concerned, all our responsibility in this affair consists in collecting a tax in virtue of an act, not passed by ourselves, but by our predecessors, and which, after being tested from court to court, ultimately reached the Privy Council of England, where it was finally sanctioned as constitutional. After this decision of the highest tribunal of the realm, declaring it to be the law of the country, our only course, especially in the face of the Opposition's tacit approval of the action of the Government of the day in pressing the case to a favorable issue, was to carry the law into effect.

I admit, however, that the law as it stood was unjust and weighed unduly and unfairly upon the small corporations. But under the circumstances and pending the realization of the more favorable condition of the treasury referred to by my honorable leader and myself, a contingency more or less remote on account of the legacy of debt left us by our predecessors, our hands were tied and we could do no more than endeavor to remedy the defects in the law. The bill passed last session had therefore only in view to make a more equitable distribution of the incidence of the taxation and, by a juster apportionment to relieve the smaller corporations from a burthen which weighed too heavily upon them. This could only be accomplished by modifying the existing law as applicable to commercial corporations, in such a way that all incorporated companies should be hereafter subject only to the payment of a percentage *pro rata* on their paid up capital.

In fact, our only crime, if it can be considered one, was to have attempted to amend the law, so that the burthen of taxation should be more equitably distributed, without, however, increasing the total revenue derivable from this tax.

VI.

Settlement of Accounts with the Dominion.

Since the affirmation by the Privy Council, in 1878, of the validity of the award of the arbitrators appointed under the British North America Act, the question of the settlement of the accounts between the Dominion of Canada and the provinces of Ontario and Quebec has been the subject of considerable correspondence, and two conferences, one in 1882 and one in 1884, have been held at Ottawa to discuss the method in which these accounts should be stated, as well as the items composing the same.

The meeting in 1882 confined itself to the discussion of the method in which the accounts should be prepared, and the result was the submission by the Treasurers of the provinces of a joint memorandum, setting forth their views on the subject, as follows:—

“ Memorandum without prejudice.

“ The Treasurers of the provinces of Ontario and Quebec, having met to discuss the subject of a settlement of accounts between the two provinces and the Dominion, are of opinion that, before proceeding thereto, it is expedient that a statement of accounts between the Dominion and each of the two provinces should be prepared, shewing for each year, on the debit side, the various amounts paid, giving date or average date, and the various amounts chargeable to each province, and, on the credit side, the amount of subsidy, of interest or school funds, or widows' pensions and uncommuted stipends, Upper and Lower Canada, on the amount coming to each province under the award for the library, and on common school lands and Crown lands, improvement funds and other sources.

“ They are further of opinion that a balance should be struck yearly, and that, in arriving at such a balance, interest should be allowed or charged half yearly, and that the amounts determined by the award be taken as the basis, so far as it applies to the statement in question.

“ The Treasurers therefore beg to request that such a statement be prepared and furnished them at an early date, and that all special funds be carried to the credit of the province to which they respectively appertain, as on the 1st July, 1867.

“ Ottawa, 23rd November, 1882.

(Signed,)

“ S. C. WOOD,

“ Treasurer of Ontario.

“

“ J. WURTELE,

“ Treasurer of Quebec.”

It was agreed on the part of the Minister of Finance that the accounts should be prepared as suggested. They were accordingly prepared by the Finance Department to the 30th June, 1882, and on the 17th December, 1883, after having been submitted by the Finance Minister to the Government of the Dominion, they were sent to the Treasurers of the two provinces.

At the meeting in 1884, the Treasurers contended that the \$10,506,088.84 of the surplus debt for which the two provinces were liable at Confederation and which amount had been assumed by the Dominion in 1873, had not been properly placed in the accounts—and further that certain additions to the debt for arrears and capitalization of increased annuities to certain Indians, which increases had been determined by the Dominion Government in 1875, should not have been made. After discussion of these subjects and a number of items of the accounts, it was arranged that a recast of the accounts should be prepared.

The recast was prepared and the accounts continued to 30th June, 1885, the computation of interest being on the same principle as in the previous statement.

On the 24th October last, the Minister of Finance and the Minister of Justice of the Dominion on the one part, and the Treasurers of the Provinces of Ontario and Quebec on the other, met at Ottawa to endeavor to effect a settlement of these accounts which had remained unsettled since Confederation.

The account of the late province of Canada was first taken up and it was contended, on the part of Ontario and Quebec, that the amount of \$10,506,088.84 of the surplus debt assumed by the Dominion by the act of 1873 should, according to the terms of that act, be credited to the account as at Confederation, instead of being credited as at the 30th June, 1873, as it appeared in the account submitted. This point was, after discussion, conceded by the Minister of Finance, and it was agreed that the account should be made up accordingly, and that in all payments made on account of the province of Canada, and on all moneys received on the same account simple interest should be computed at 5 per cent. per annum to the 30th June, 1888, at which date the balance of the account should be apportioned between Ontario and Quebec. It was distinctly understood that the computation of simple interest on this account should not be held to apply to the separate accounts of Quebec and Ontario with the Dominion.

Proceeding on this basis, the items of this account were at different meetings discussed, the greater part were admitted as correct, some were rejected and some reserved—the result being that very considerable progress was made in the settlement of this account. In connection with this account, the question of the liability of the late province of Canada for the increased annuities to the Indians came up for discussion. By the "Robinson Treaties," in consideration of the cession of certain territory which now forms part of the province of Ontario,

annuities were granted to certain Indian tribes at the rate of \$1.50 per head, with the condition that, if the increased value of the lands warranted it, they might be increased to \$4 per head.

At Confederation these annuities at \$1.50 per head were capitalized and the amount of the capitalization was added to the debt of the province of Canada.

In 1875 the Dominion Government decided that the increased value of the lands warranted an increase to \$4 per head, and by order in council authorized the increase with arrears from 1851 and the interest thereon.

In the statement of accounts submitted by the Dominion in 1882, these arrears, consisting of the difference between the amount of the annuities at \$1.50 per head, the rate at which the Indians were paid before Confederation, and the \$4.00 per head authorized by the Dominion Government in 1875, for the years from 1851 to 1867, and the interest thereon to the 30th June, 1867, as well as the capitalization of the same increase of \$2.50 per head, amounting together to the sum of \$356,080 were charged against the account of the late province of Canada as due at the 30th June, 1867. Compound interest on this amount was also charged at the rate of 5 per cent. per annum, calculated half-yearly.

After hearing a statement of the grounds on which the Dominion based this charge against the province of Canada, in the course of which it was stated that the increase of the annuities was based on the increase which had taken place in the value of the lands since Confederation, the Treasurer of Ontario and myself distinctly repudiated the right of the Dominion Government to create such a liability as far as it affected the provinces, and declined to discuss the claim, stating that, if the Dominion Government wished to press it, it must be done by direct communication with our respective Governments. I, at the same time, took the ground that the province of Quebec could by no possibility be held liable for any portion of such claims, even if it was established that the increased value of the lands warranted an increase of the annuities under the treaties, as the lands affected were by section 109 of the B. N. A. act subject to any trust existing thereon, and it had been admitted that the increase was based on the increase that had taken place in the value of the lands after they had passed into the possession of Ontario.

I may say here that I am of opinion that the capitalization of the original annuities, which was made at Confederation and charged to the debt of the province of Canada, should not have been admitted by Quebec, but that the annuities payable to Indians for lands ceded should have continued after Confederation to be a charge on the lands as being subject to the trust that existed thereon.

The accounts of the provinces respectively with the Dominion next came under consideration and, to the surprise of the Treasurer of Ontario and myself, the Minister of Finance stated that he was not prepared to agree to the compounding

of interest, as it had been computed in the accounts prepared in accordance with the memorandum of 23rd November, 1882, claiming that the memorandum being headed "without prejudice" bound nobody, that compound interest could only be claimed by express agreement, and that there was no agreement, express or implied, on the part of the Dominion Government to pay such interest.

We contended on behalf of Ontario and Quebec that, although the memorandum of 1882 was not signed by the Finance Minister, it was prepared at his suggestion and in his department and had been submitted to him and was open at that time to objection or suggestion of amendment by him, but that no indication was made of any objection on his part then or at any time afterwards; that the heading of the memorandum with the words "without prejudice" was done by the Treasurers to enable their respective Governments to raise objections to it when submitted to them, if they were not satisfied with its terms; that the assent of the two Provincial Governments was practically given, Quebec having passed an order-in-council approving of the memorandum, and the acceptance of it by Ontario having been communicated verbally; that the accounts had been prepared in the Finance Department in the form called for by the memorandum and had been submitted by the Minister of Finance to the Dominion Government and then transmitted to the Treasurers of the two provinces; that these accounts had been further laid before Parliament in reply to an address of the House of Commons; that they had been recast and continued to July, 1885, with the interest compounded as in the first statement and that during all this time neither by correspondence nor verbally, neither in Parliament nor out of it, had there been any intimation that the Dominion Government had not accepted the terms of the memorandum with respect to the computation of interest, and that therefore the Dominion was bound by its acts and its silent acquiescence to settle the accounts with the interest computed as stated in the memorandum and adopted in the preparation of the accounts.

In answer to a statement of the Minister of Finance that the time for the Dominion to object to the terms of the memorandum was when all parties met for a settlement, and that such a time had not occurred before this meeting, it was contended on the part of the provinces that such a time had occurred in 1884, when certainly all the parties had met for a settlement, had examined and discussed the accounts submitted, both as to the items and to the interest, and had asked for a recast of the accounts principally because they considered that the full amount of interest had not been allowed in the matter of the \$10,506,088.84 assumed by the Dominion in 1873.

The Honorable Mr. Wood, who was the Treasurer of Ontario in 1882, being summoned by telegraph, confirmed in every respect the contention of the provinces as regarded the making of the memorandum and its apparent acceptance

by the Minister of Finance; and the Honorable Judge Würtele, who was the Treasurer of Quebec at the same time, although unable to come to the recent meeting owing to his being on circuit, has since stated his entire accord with Mr. Wood's statement.

On the 27th October, the Minister of Finance having informed us that the Dominion Government had decided that it would be impossible to do anything but calculate the accounts at simple interest at 5 per cent. per annum, the Treasurer of Ontario and myself refused distinctly to acquiesce in such a decision and stated that we would bring the matter before our Governments. Since then a remonstrance on the part of the two provinces has been prepared and signed by the Treasurer of Ontario and myself and sent to the Minister of Finance, and it is difficult to believe that, after a fair consideration of the facts and arguments therein set forth, the Dominion Government can continue to adhere to the position taken in October last.

A statement of accounts to the 30th June, 1888, has been received from the Finance Department with simple interest calculated at 5 per cent. on the items, but these accounts we have declined to accept as correct and the matter remains for further consideration and action.

It was agreed that the joint arrangement, by which the officers appointed by the Dominion at Ottawa and Quebec did the Crown timber business for the provinces of Ontario and Quebec, the expenses being divided between the three Governments, should cease after the 1st January, 1889. This has taken place and Quebec's share of the business is now under the immediate control of the Crown Lands Department.

Other important matters were touched upon and partly discussed at the meeting and we were in hopes that we were on the high road to the settlement so much to be desired, when the adverse decision of the Dominion Government forced us to close the conference.

It is to be hoped that the Federal Government will reconsider its decision, because, if persisted in, it will be most prejudicial to the interests of the province.

By the 47th Victoria, chap. 4, of the statutes of Canada, we received an increase of \$127,460.86 to our Dominion subsidy. Capitalized, this increase represents a sum of \$2,549,213.61, which stands entered to our credit in the statement of accounts between the Dominion Government and the province of Quebec rendered up to the 30th June, 1885.

With this amount to our credit, the balance in our favor at that date stood at \$1,861,594.44; but, if the \$2,549,213.61, which represents at 5 per cent. the amount of our additional subsidy, be deducted, there will be a balance of \$687,619, against us and in favor of the Dominion. Now, if, in our settlement of accounts, this balance is admitted to be legitimately due, we shall either have to repay it,

if we wish to preserve our subsidy at its present figure or we shall have to submit to receive 5 per cent. interest on the balance of \$1,861,954.44, viz., \$93,079.72 annually, instead of \$127,460.86. According to the arrangement concluded with the Federal Government on the occasion of our visit to Ottawa, by which that Government assumed the \$4,597,690, representing the surplus of the debt charged against us at Confederation, the deficit just referred to would be about covered. Unfortunately for us, however, it will be materially increased and the amount of our subsidy proportionally diminished, if, notwithstanding the understanding relative to the mode of keeping the accounts, which seems to have been admitted in 1882 and 1884, the Federal Government persists in its refusal to allow us compound interest. Hitherto, pending a final settlement of accounts, the Federal Government has always paid us the full amount of our subsidy, without making any deduction for certain items charged to us under the award. I may add that the greater part of the items, which figure in our account with the Dominion, had been already admitted by our predecessors as legitimately due, so that we have nothing to expect from that quarter. Consequently to succeed in wiping out the deficit, we can only look to the extra amount which compound interest would give us, if the Federal Government ultimately allows it.

This, in a few words, is the present situation of matters as regards our accounts with the Dominion.

Needless to state that we are not responsible for it; nor am I prepared to say that our predecessors are to blame for it either. All the same, however, I am inclined to believe that the award was not as favorable to us as it was to Ontario. Frankly speaking, after studying the arbitration, I find that the arbitrators did not render us justice.

Let me simply remark, before I conclude my observations on this head, that this question of the settlement of our accounts with the Dominion should not be considered from a party point of view, as the interests of the province demand that we should be unanimous upon it. Division in such a matter would be most hurtful. If we are saddled with the Indian annuities and other items for which we are liable under the award, the balance in our favor will be much diminished and the result as a whole very prejudicial to the interests of the province.

Under the circumstances, I believe I need hardly lay stress on the necessity of union on this vital question. On the other hand, looking at the soundness of our claim and the importance of the interests at stake, there is every reason to hope that the Federal Government will act with impartiality and treat us with the justice to which we are entitled.

VII.

Common School Fund.

To a proper understanding of the actual position of this question, it may be well that I should briefly recall the facts connected with its history.

In virtue of chapter 26 of the Revised Statutes of Canada, a million acres of public lands in Ontario were set apart for the support of elementary schools and the amount realized from the sale of these lands was to be invested to constitute a fund for the purpose, the proceeds of which were to be divided from year to year between the old provinces of Upper and Lower Canada in proportion to their respective populations according to the last census, with the exception, however, of a fourth of the proceeds of the lands sold between the 14th June, 1853, and the 6th March, 1861, and applied to the Upper Canada Improvement Fund, and of six per cent. on the amount of collections to pay the expenses of management. By the Confederation Act, this fund, which was known under the name of the Common School Fund, was one of the assets to be divided between the two provinces and left to the decision of three arbitrators selected, one by Ontario, one by Quebec and the third by the Government of Canada, and its disposal was settled by the award of these arbitrators on the 3rd September, 1870, which award was confirmed by the Privy Council on the 11th March, 1878.

By section 8 of this award, it was decided that the balance of the Common School Fund, together with the investments forming part of it, should continue to be held in trust by the Federal Government, and that the revenues derived therefrom since the 30th June, 1867, and that may hereafter be derived from the same source, should be divided between the said provinces of Ontario and Quebec and paid to them respectively in the manner indicated by section 5 of chapter 26 of the Revised Statutes of Canada.

It was further decreed by section 9 of the award that all the moneys received by the said province of Ontario since the 30th day of June, 1867, or that may be hereafter received from and for the fund of the common school lands reserved to support the common schools of the late province of Canada, should be paid into the hands of the Federal Government, to be invested in conformity with the provisions of section 3 of said chapter 26 of the Revised Statutes of Canada, and that the income derived therefrom should be divided between Ontario and Quebec and be paid to them respectively according to the terms of section 5 of the same chapter.

By section 10 of the same award, the province of Ontario was to have the right to retain upon the collections 6 per cent. for the sale and management of the said lands, and to further take and retain for the Upper Canada Improvement

Fund a fourth of the proceeds of the lands sold between the 14th June, 1853, and the 6th March, 1861, received since the 30th June, 1867, or that may be hereafter received, first deducting the cost of management, as above stated.

But the Government of Ontario, instead of paying into the hands of the Federal Government—as they were bound to do by the award—the proceeds of the lands sold previous to 1867, as well as the proceeds of the sales made since, retained them in their own hands.

No attempt was apparently made by the province of Quebec to obtain a settlement until 1880, when the Legislature passed a law authorizing the Lieutenant Governor-in-Council to make a settlement. But no settlement was ever effected.

When we took charge of the affairs of the province the question at once engaged our serious attention, and, seeing that there still remained unsold a portion of these lands and that it was desirable that the share of the fund belonging to the province of Quebec should be definitely settled and invested conformably to the provisions of chap. 26 of the Revised Statutes of Canada and the terms of the award dividing the liabilities and assets of the provinces of Ontario and Quebec, we made approaches to the Government of Ontario with a view to arrive at a friendly understanding relative to the settlement of the question.

I am happy to say that we were met in the same amicable spirit by the Government of Ontario, who received our approaches favorably. The negotiations entered into for the purpose of arriving at a settlement finally resulted in an agreement to submit all the points in dispute to arbitration and in the payment to us by Ontario of \$100,000 on account of the arrears due us.

Pursuant to this agreement between the two Governments, this Legislature, during its last session, passed an act intituled "An act providing for the settlement of certain questions in dispute between the provinces of Quebec and Ontario by means of arbitration" and a similar act was passed by the Legislature of Ontario.

Section 1 of this act (51-52 Vic., chap. 12,) provides that for the final and conclusive determination of the question in dispute "the Lieutenant-Governor-in-Council may unite with the Government of Ontario in the appointment of three arbitrators to whom shall be referred such of these questions as the Governments of the said provinces shall mutually agree to submit."

Immediately after the session, negotiations were resumed with the view of giving effect to the provisions of this act and the present position of the affair is this: Arbitrators have been named, but, in consequence of a difference of opinion between the two Governments as to what matters should be referred to these arbitrators, the arbitration has not yet been proceeded with. Our Government are of opinion that the arbitration should embrace all questions as to the school lands and these only, while the Ontario Government desire that it should also

cover questions relating to the Upper Canada Improvement Fund, &c., and any other question that might arise incidentally between us in order to arrive at a complete and final settlement.

We very much regret the delay in the arrangement of this matter, but the want of an understanding between the two Governments as to the questions to be submitted to the arbitrators is the reason why the arbitration has not yet taken place.

We have every reason to believe, however, that, with the friendly spirit which has always prevailed between the two Governments since the beginning of the negotiations, it will be possible to ultimately reach a solution of the difficulty, which will be acceptable to both parties.

VIII.

Receipts and Appropriations for 1889-90.

I estimate the receipts of this fiscal year at \$3,463,672.80, of which \$58,000 will be receipts on capital account and \$3,405,672.80 ordinary revenue. This estimate is based on the receipts of the last fiscal year, allowing for a possible increase or decrease in certain items.

The following are the receipts upon which I count :

Federal Subsidy :

Subsidy payable under the Confederation Act...	\$ 959,252.80	
Interest on trust funds.....	55,459.32	
Special subsidy under 47 Vic., chap. 4.....	127,460.68	
Interest on railway subsidies under 47 Vic., chap. 8.....	119,700.00	
		\$1,261,872.80

Interest :

Interest on price of sale of Q. M. O. & O. Railway.....	\$375,000.00	
Interest on loans and deposits	55,000.00	
Interest on collections made by Ontario from common school lands.....	20,000.00	
		\$ 450,000.00

Administration of Justice :

Law stamps.....	\$ 170,000.00	
Fees	3,000.00	
Building and jury fund.....	16,000.00	
Contributions for the maintenance of vagrants in prisons	19,000.00	
Gaol guard, Quebec and Montreal	4,000.00	
Fines	2,000.00	
House of correction, Montreal.....	1,000.00	
Montreal Court House.....	2,500.00	
High Constable's fees, Quebec	600.00	
		\$ 218,100.00
Registration stamps.....	17,000.00	
Licenses.....	375,000.00	
Crown lands.....	886,000.00	
Taxes on commercial corporations	125,000.00	
Percentage on fees of certain public officers.....	8,500.00	
Percentage on renewals of hypothecs.....	400.00	
Legislation.....	2,500.00	
<i>Official Gazette</i>	22,800.00	
Lunatic asylums, contributions from municipalities.....	30,000.00	
Public buildings, rents, &c	1,000.00	
Contributions to pension fund.....	5,500.00	
Casual revenue.....	1,500.00	
Quebec Fire Loan.....	500.00	
		\$3,405,672.80
Refunds	8,000.00	
Municipal Loan Fund.....	50,000.00	
		\$3,463,672.80

I may state that this estimate has been prepared with the greatest possible care and that we hope to realize the whole amount.

The sums, forming the amount to be received from the Dominion Government, call for no explanation.

I place at \$20,000 the sum which we shall receive from the Ontario Government for the interest on collections from common school lands. Pursuant to a recent agreement with the Government of Quebec, the Government of Ontario intends to pay into the hands of the Federal Government the capital of the

amounts collected since Confederation from the sale of lands appropriated to the common school fund. Our share of this amount will be about \$400,000, and the moment it has been deposited, we shall be entitled to interest upon it at 5 per cent.

The receipts arising from the administration of justice will produce at least the figure estimated, seeing that they are based on the average of preceding years. Nevertheless they may possibly exceed my estimate, but I prefer to take the average figure so as to avoid mistakes in my calculations.

I estimate the revenue from licenses at \$375,000 instead of \$340,000, the figure of last year's estimate. This increase of \$35,000 is not exaggerated, if it be taken into account that the license fees were raised 25 per cent. by the law of last session. The information supplied me by the Treasury officers leads me to believe that we shall realize the amount set down in my estimate.

Special attention has been paid to the enforcement of the law and we have reason to hope that the reforms effected in this service by the amendments of last session will enable us to more efficaciously control this branch of the public service and to repress the abuses which are inherent to the liquor traffic.

During the present session, the Government intends to further modify this law, but not so as to affect it in any radical way. The effect of these changes will rather be to render more practicable the important amendments to which the law was subjected last session. The House will understand that, for the moment, it would not be prudent to go beyond this, because it should not be forgotten that the law, as amended, has not yet been put in operation. Before making any further important changes in it or thinking of having recourse to more extended legislation, the bill of last session ought to receive a fair trial.

It will, doubtless, be remembered that last session a bill was referred to a select committee of the House with instructions to study and report upon the question. A large number of modifications were proposed, some of which were accepted by the committee and others simply suggested, and the bill was submitted to the House, which acted upon the committee's recommendation and ordered it to be reprinted and distributed.

I believe that, in the public interest, as well as in the interest of those who are anxious to have the law made as perfect as possible, this bill should remain under consideration in order to fully grasp its bearing and the real signification of the amendments and suggestions which have been made, before using it as the basis of legislation intended to replace the law actually in force.

I estimate at \$886,000 the receipts from Crown lands. For the current year, I had set them down at \$821,000; but this figure will be considerably exceeded, so that the estimate for the next fiscal year is not excessive, if account

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be taken of the increase consequent on the reforms made in the tariff of woods and forests. I may add that these reforms will fully realize the hopes as to the additional revenue which this change of tariff should yield.

The revenue arising from taxes on commercial corporations is placed at \$125,000. This figure is based on the expected receipts during the present fiscal year. On the 31st December, we had collected \$117,581 from this source, and, according to the information furnished me, the amount remaining to come in between this and the 30th June next will make up the difference between my estimate and the actual receipts.

Of course, whatever may be the nature of a tax, it is always regarded as onerous by the taxpayers. This is, no doubt, why a certain number of these, finding themselves a little more burthened than under the old law, protested against this tax after the new apportionment made last session. But it is equally true that the corporations, which made the most outcry against that change, were precisely the ones which, taking their capital into account, could more easily support the increase occasioned by the new apportionment. That apportionment, however, was not the less fair, seeing that it had for effect to lighten the burthen on the corporations with small capital by placing them all on a footing of equality through the agency of a tariff graduated according to capital.

In all cases, judging from the result obtained, it is perfectly clear that those, who pretended that that apportionment was only used as a pretext to aggravate the burthen of the tax, must now perceive that they were mistaken and that my declarations were true.

I calculate upon getting \$30,000 from the municipalities for their contributions to the cost of maintaining our insane asylums. This is a moderate estimate and we shall meet with no difficulty in realizing it, if we can succeed in collecting the arrears due us. The collection of this revenue is receiving all possible attention from the Comptroller of Revenue.

I hope to get \$50,000 from the indebtedness to the Municipal Loan Fund. This receipt is more or less uncertain. During the current fiscal year, the amount upon which we counted has been exceeded. We can therefore without exaggeration put down \$50,000 with the hope of realizing the amount. But, as I have already stated, this receipt is always uncertain, inasmuch as the municipalities show little or no hurry to settle up their indebtedness to the Municipal Loan Fund. Some of them are still seriously under the impression that they will never be called on to pay off a debt from which they deemed themselves freed forever, as they were repeatedly led to believe.

Let us now turn to the head of expenses :

I estimate at \$4,389,024.44 the total payments of this fiscal year, as follows :—

Ordinary Expenses :

Service of the public debt.....	\$1,186,715.50	
Administrative service.....	2,166,455.01	
		<u>\$3,353,170.51</u>

Expenses imputable to capital :

Construction of public buildings, &c.....	\$270,853.93	
Railway subsidies.....	765,000.00	
		<u>\$1,035,853.93</u>

Total.....		<u>\$4,389,024.44</u>
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Now let us examine the details, which form this general result :

The first item is the service of the public debt :

Interest on the funded debt.....	\$1,021,279.05	
" on temporary deposits, that is to say,		
on trusts and on guarantee deposits.....	95,102.51	
		<u>\$1,116,381.56</u>

Sinking fund and redemption of bonds.....	\$62,133.94	
Expenses of management.....	8,200.00	
		<u>\$70,333.94</u>

\$1,186,715.50

This service shows an increase of \$86,562.50; but this increase is easily explained. This sum is intended to meet the interest on trust funds and on the guarantee deposits made by certain railway companies. That of the Lake St. John company is banked, but the bonds have not yet been endorsed by the Government. As already stated, these deposits have been made in virtue of the acts 39 Vic., chap. 3; 40 Vic., chap. 3, and 47 Vic., chap. 70, respecting subsidies granted to railway companies and certain guarantees of interest on their bonds. To obtain the Government guarantee on their bonds, certain companies have complied with the statutes in virtue of which they are entitled to this guarantee, which will necessitate a larger sum for interest than the amount required for the ordinary service. On the other hand, as these deposits bear 4 per cent. interest, we expect to receive a proportional amount to the one we will have to pay out.

The expenses of legislation are placed at \$207,142.50. For the fiscal year 1888, these expenses reached \$228,994.88 and, for the current year, they will probably reach the figure of \$224,544.16. There is consequently a reduction of \$21,852.38 in the probable expenses of the present year. This reduction is made up as follows :

lows :—

Salaries, contingencies, printing, binding &c.

Legislative Council.....	\$	987.15
Legislative Assembly.....		15,414.51
Library.....		1,000.00
		<hr/>
	\$	17,401.66

For the current year, the expenses of civil government will probably amount to \$231,763.50. For next year, we ask \$233,917.00, which shows an increase of \$2,153.50. This increase is apportioned as follows: \$8,141 more for salaries, &c and \$5,987.50 less for contingent expenses. The increase arises chiefly from the organization of the new ministry of President of the Council—\$5,600—\$2,000 additional for the service of the revenue department, expenses occasioned by the changes made in this service; \$2,041 for public works, and \$1,100 for public instruction. Total, \$10,741.00. But the following sums must be deducted from this amount: Provincial Secretary, \$300 less, Attorney General, \$400, Crown Lands, \$500; and Agriculture and Colonization, \$1,400, forming a total of \$2,600, which must be struck off from the \$10,741, leaving as increase a balance of \$8,141. But from this balance must be deducted the \$5,987.50 less of contingent expenses and then \$2,153.50 remains for the increase as above stated.

For the administration of justice, we ask \$495,938.98. This year, it will probably cost \$515,272.31; difference less next year \$38,956.31. We hope that this difference will be realized. At the same, it is very difficult to say in advance whether some demand may not arise of a nature to lessen the sum of the reductions upon which we count, because the expenditure for this service is very difficult to control.

The appropriation for public instruction is \$387,185.00 or \$1,350 more than the amount voted last session for the current year.

The following are the items upon which this increase bears:—

Educational Record, Montreal.....	\$	250.00
<i>Journal de l'Instruction Publique</i>		750.00
Changes in the education laws, entailing an expense for printing.....		1,200.00
Collège Commercial of St. Henri.....		200.00
“ “ St. Vincent de Paul.....		500.00
Municipality of Amherst, to build a school house.....		200.00
Municipality of Ponsonby, “ “.....		200.00
Commercial College of St. Cutbber, aid to build.....		1,000.00
Commercial College of West Farnham, aid to build a wharf or revetment wall to protect that edifice against the wearing away of the bank caused by the river Yamaska.....		1,500.00

The Commissioners of the City of Hull, to enlarge a school house.....	1,000.00
The Redemptorist Fathers of Montreal, aid to build a school house at Point St. Charles, Montreal.....	1,000.00
College of Arthabaskaville, towards its construction.....	250.00
Convent of St. John of Matha, " "	400.00
Roman Catholic school, Granby	250.00
Convent of L'Assomption, to build a school house.....	250.00
Quebec Geographical Society.....	100.00
St. Patrick's Literary Institute, Quebec	300.00
Hemmingford Mechanics' Institute and Literary Association.....	200.00
Montreal College of Pharmacy.....	250.00
L'Œuvre du Patronage, Quebec.....	250.00
	\$ 10,050.00

The following grants disappear :—

College of l'Île Perrot, Montreal.....\$	200.00
Sœurs du S. Nom de Jésus-Marie, St-Barthélemy.....	200.00
College Sainte-Geneviève, Jacques-Cartier	1,800.00
Commercial College of Terrebonne.....	2,000.00
Distribution of education laws to school commissioners and trustees.....	4,500.00
	8,700.00
Increase in this service.....\$	1,350.00

We would have been glad to have been able to do more for this service, the value and importance of which the Government fully understand ; but, notwithstanding all our good will, we are per force compelled to remain within the limits, beyond which we cannot go without hurting other services, the importance of which cannot be disputed.

We regret our inability to meet the wishes of those who have made application for grants, all for the most commendable objects. But, unfortunately, the aggregate of these applications forms so large an amount as to altogether preclude the idea of entering such a sum in the budget, as it would be far beyond our means. We have therefore been obliged to remain within the bounds of possibility.

The credit asked for agriculture and colonization amounts to \$246,900.00. For the current year, its figure is \$244,600.00. So that there is a slight increase of \$2,300.

The new items are :

<i>Journal de l'Agriculture</i> , increase.....	\$ 900.00
Veterinary School.....	1,800.00
Lectures on agriculture.....	600.00
To bring immigrants from England, France and other countries.....	1,000.00
Société générale de colonisation.....	5,000.00
Road in the interior of the counties of Bonaventure and Gaspé, between Cascapédiac and Gaspé.....	2,000.00
To deepen the river Lacadie, in the county of Huntingdon	500.00
Metapediac bridge.....	2,400.00
Drainage works in the 20th and 21st ranges of Upton, to reclaim 4,000 to 5,000 acres of good land in the parishes of St. Ephrem and St. Helene, provided that the parties interested furnish an equal sum.....	2,000.00
Drainage works at river St. Pierre, in the parish of St. Hermas, balance of the \$1,200 promised by Hon. J. J. Ross.....	500.00
To drain a swamp at Sainte-Brigitte, county of Iberville	3,000.00
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	\$ 18,950.00

The retrenchments affect the following items :

Provincial exhibition, Montreal.....	\$ 10,000.00
Deepening of the river Lacolle, in order to prevent inundations and to reclaim a large tract of land.....	2,500.00
Herd book.....	1,000.00
Stenographers.....	1,500.00
Arboriculture	150.00
Purchase of materials, account books.....	1,500.00
	<hr/>
	\$ 16,650.00
	<hr/>
	\$ 2,300.00

The appropriation for public works and buildings imputable to ordinary revenue is \$95,906.76. For the current year, the probable expense will be \$116,168.13, which makes a reduction of \$20,261.37 in favor of the appropriation asked for next year. For the twelve months ending on the 30th June next, the rents, insurances and repairs of public buildings will cost \$69,250.00. The same service for next year is entered in the budget at \$70,000.00, which makes an increase of \$750.00. Last year, \$60,000 was put down in the budget for this service, but this amount is not considered sufficient. Since we have been in office, we have striven to keep this expense within the appropriation, but without success.

According to the official and detailed statement of the department, this service calls for even a larger outlay than the one we ask; but we wish to keep within proper bounds and to place in the budget a sum, which, though less than that recommended by the engineer and officers of the department, should be sufficient to meet the strictly necessary requirements.

We ask \$20,000 for repairs to court houses and gaols, which is \$16,817.57 less than the cost of the repairs during the current year. This again is another hard item to control, and the demands endorsed by the official reports call for a larger sum than that entered in the budget; but, while desiring to meet all the requirements of the service, it is impossible for us to charge the budget, in a single year, with all the repairs desired and which even might be regarded as urgent enough if we had not other demands to satisfy, which cannot be easily overlooked.

The sum asked for insurance is \$2,000 instead of \$7,194 for the current year. This decrease is easily explained. For next year we place \$2,000 in the budget for the insurance of the court house, while, for the current year, this insurance was at the expense of the contractors.

The \$7,194 entered in the budget for the current year have been employed to pay the expense of insurance on the public buildings for a term of three years, so that an appropriation for this object is unnecessary.

There are few changes in the charities. We have received from all sides pressing solicitations to increase already existing grants for very laudable objects, as well as a multitude of new applications for grants from institutions established for the relief of the unfortunate poor. We would have liked to have been able to meet them all favorably, but the state of the finances of the province does not permit us to contribute, as we would wish, to all the good works towards which Government aid has been solicited. The multiplicity of these applications has been such that it was morally impossible to grant them, even partially. To meet the desires of all the applicants, a sum far beyond the means placed at our disposal would be needed. In acquiescing even in a small number of their demands, we would have exposed ourselves to recriminations on the part of those who had obtained nothing, as all these applications were very legitimate.

I must avow also that, in a matter of this kind, it is very hard to resist the pressure brought to bear upon the Government and that it is painful to be obliged to refuse persons who have so much at heart the success of the works they seek to promote and the object of which is to relieve the poor and the unfortunate. But, for the moment, it is impossible to burthen the Treasury with a host of charges, which end by becoming regular perpetual rents. Again, if we could change from time to time the destination of these grants so as to transfer them to the municipalities in which the want of these benevolent institutions is most felt,

it would be possible to do more good, even with the amount appropriated for this purpose. But it is impossible to entertain this idea, as the institutions which are most in a position to maintain themselves would be the first to tax us with injustice and to condemn such a policy.

We have therefore only increased by a trifle the appropriation for charities. The amount voted for the purpose for the current year is \$41,956, and we ask for next year \$44,206, which shows an increase of \$2,250. On the other hand, we have reduced the grant for the maintenance of the insane in the hope that we may effect a saving in this service as a result of the legislation which we wish to have adopted.

The total of the credits asked for charities and for the maintenance of the insane is \$250,206.00. The appropriation for the current year is \$271,956.00, which shows a diminution of \$12,750 in next year's favor.

For the current year the expenses of the Crown Lands Department will reach \$212,200.00. We estimate them for next year at \$181,000, which makes a difference less of \$31,200. The items to be deducted are the following :

For the cadastre.....	\$8,000.00
Surveys.....	23,000.00
	\$31,000.00

The following are the items to be added :

To general expenses.....	\$2,000.00
Fisheries.....	1,800.00
Accounts in suspense.....	2,000.00
Protection of forests against fire.....	5,000.00
	\$10,800.00

Leaving a balance less of.....\$20,200.000

For surveys, \$45,000 are asked. This amount is less than the probable expense of the current year. It represents the average of this expense of late years.

The appropriation for general expenses is higher by \$2,000 than the amount expended for the current year.

There is now no doubt, judging from the results of the modifications made in the tariff of ground rents and stumpage dues, that these changes will realize our anticipations, so that, if the new service entails an additional expense, the latter will be amply compensated by the increased receipts.

Under the head of "miscellaneous generally," the increase in the other services is distributed as follows :

Printing report of Superintendent of Public Instruction.....	\$2,331.75
Distribution to the teachers of the province of Maguan's manual on elementary teaching.....	2,000.00
Distribution of amendments to the Municipal Code.....	250.00
Exhibition in the county of Chicoutimi and Saguenay.....	2,000.00
To pay Joseph Dussault for 10,000 copies of "La Baie d'Hudson"	1,500.00
Hospital of Temiscamingue.....	500.00
Hotel-Dieu de St. Hyacinthe.....	500.00
Hospital of the Grey Nuns, St. Jerome.....	500.00
College of St. Bernardin de Waterloo.....	500.00
On the other hand, the following items disappear :	
Copying and arrangement of old French records, &c.....	\$10,000.00
Inspection of railways.....	1,000.00
"Droit Criminel, by Hon. Judge Taschereau.....	1,000.00
Indemnity to the family of the late Mr. St. Hilare, member for Chicoutimi.....	600.00
Indemnity and expenses relative to errors in survey between the parish of Ange Gardien, (Rouville) and the Eastern Townships..	10,500.00
Commission on insane asylums.....	6,000.00
Agricultural commission.....	5,000.00
Aid to sufferers by Hull fire.....	5,000.00
Municipality of St. Leon, county of Maskinongé, to repair damages caused by a land slide.....	800.00
Indemnity to inhabitants of Soulanges, Vaudreuil, Beauharnois, Laprairie and Chambly counties, for damages caused in June, 1888, by a wind and hail storm.....	6,000.00
Indemnity to the owners of horses, cattle, &c., burned in 1887, on the occasion of the Sherbrooke exhibition.....	3,000.00
Metapediae bridge.....	5,600.00
To repair the old church at Tadoussac.....	200.00
"Manuel des Inspecteurs Agraires," by Mr. Chagnon.....	1,200.00
Agrarian Inspectors' Manual, by Mr. Chagnon.....	1,200.00
Hospital of St. Jean d'Iberville.....	500.00
Indemnity to the members of the Legislative Assembly who, at the request of the Attorney General, worked at the codification of the statutes.....	3,420.00
Distribution of Municipal Code, difference due.....	1,250.00
	<u>\$62,270.00</u>
Less the increases.....	20,081.75
Total decreases.....	<u>\$52,188.25</u>

For the current year, the amount required for "miscellaneous services generally", including the expenses of the Crown Lands Department, will probably reach the sum of \$331,880.00. For next year, we ask \$259,881.75, which makes a difference of \$71,998.25 less.

The total of the expenses imputable to capital is not so large as for the current year. We ask \$270,853.93 for public works and buildings, old claims, &c., and \$765,000.00 for subsidies to railways. These two amounts form a total of \$1,035,853.93.

For the current year, the expenditure for public works and buildings, including railway subsidies, will reach \$1,235,885.24, or an excess of \$200,031.31 over the amount we propose to spend next year.

The following table will show the items in which there are increases or decreases :—

	1889.	1890.
Parliament Buildings.....	\$125,729.53	\$112,760.00
Quebec Court House.....	42,733.59	7,500.00
Spencer Wood, construction of a green house, cellar, &c.	4,000.00	4,000.00
Iron bridges in municipalities, of which \$50,000.00 is a revote.....	100,000.00	100,000.00
New vaults in court houses and gaols in counties of Dorchester, Levis, Bellechasse, L'Islet, Montmagny, Kamouraska, Temiscouata, Lotbinière, Megantic, Arthabaska, Wolfe	10,000.00	10,000.00
Kamouraska Circuit Court.....	4,000.00	1,012.00
Heating apparatus in court houses and gaols in new districts	6,000.00	
Construction of a wing to court house and gaol, county of Bonaventure	4,000.00	
Court house, Arthabaska	1,400.00	
“ Montreal	50,000.00	
Codification of the statutes.....	63,000.00	
Protestant insane asylum, Montreal.....	22,821.29	
Legislative Council, contingencies.....	3,150.83	
Loan to Dr. Gauvreau.....	2,500.00	
Library of the Civil Code (Bibliothèque du Code Civil)..		6,000.00
Dictionary of the language of numbers—DeBoucherville		2,785.00
Heirs of the late John Langelier.....		5,000.00
Oil portraits of the Speakers.....	1,250.00	1,800.00

Brother Arnold, repairs to his school.....	1,814.53
Purchase of the library of late Judge Polette.....	3,000.00
Heirs of late Judge Loranger.....	2,182.40
W. P. Lockwood, settlement of account.....	10,000.00
Crown Lands Department, regional map of the province of Quebec.....	8,000.00
	\$450,585.24 \$270,853.93

The expenses which we propose to incur for the construction of public buildings are of absolute necessity.

As for the Parliament House, the sum asked includes \$48,000 voted last year and which has not yet been employed for the purpose for which it was intended; but this amount, as well as the balance of \$112,729.53, is absolutely required to meet the cost of the enclosure wall and other expenses connected with the building. In the amount asked, there is also included a sum of \$10,000 for statues.

With the exception of the enclosure wall and the purchase of certain properties, the Parliament House is virtually completed.

As for the Court House, save a few unimportant works, that building is finished, but there remains a balance of account to settle with the contractor which we did not wish for the moment to enter in the budget, seeing that there is a difference of opinion between the Government and him on the subject of the amount claimed.

The appropriation for iron bridges is \$100,000, but it is in reality only \$50,000, as \$50,000 remaining of the \$100,000 voted last year will be expended this year.

As regards the subsidies to railways, it is difficult to make a precise estimate of the amount required for this service. Moreover, all depends on the rapidity with which the companies push their works. At all events, whatever may be the march of this service, it will not suffer, as the Government has the necessary statutory authority to pay the railway subsidies.

Now, bringing together the estimate of the ordinary receipts and that of the ordinary expenses for 1889-90, we get the following result :

Ordinary receipts.....	\$3,405,672.80
Ordinary expenses.....	3,353,170.51

\$ 52,502.29

The expenditure necessarily increases with the requirements of the public service and the new wants arising as a consequence of the progress which is taking

place in the development of the resources of the country; but this increase is rather apparent than real as regards the controllable services, if the increase of the interest service be taken into account.

However, we have at the same time found means to increase the revenues to such a degree as to leave a surplus in the ordinary receipts, without imposing the slightest new burthen on the people and while devoting large sums to the advancement of colonization, public instruction and the general interests of agriculture. To attain this end, the expense of certain services had necessarily to be increased, but this expenditure has been fully compensated by the results attained.

I believe that the House and the country will fully admit that we have really and effectually labored to restore the equilibrium in our finances, and it seems to me that we have the right to say that our labor has not been in vain.

Supplementary Estimates for 1888-89.

The insufficiency of the appropriations voted last session for the current year necessitates a supplementary budget of \$104,392.01.

The following are the additional sums required to cover the expenses of the present fiscal year :

Legislation	\$15,094.16
Civil government	8,287.50
Administration of justice	19,333.33
Literary and scientific institutions.....	250.00
Public works.....	11,945.73
Miscellaneous services	28,360.00
Special expenses.....	19,321.29
Railways.....	1,800.00
	\$104,392.01

The \$15,094.16 for legislation are intended to pay for the following services :

Legislative Council :

Stationery, salaries &c.....	\$2,542.15
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Legislative Assembly :

Salaries.....	1,000.00
Translations.....	1,151.00
Stenographers.....	1,157.60
Miscellaneous.....	249.05
Writers and messengers.....	2,712.94
Printing and binding.....	6,000.00
Advertising.....	281.42
	\$15,094.16

The \$8,287.50 asked for civil government are intended to cover the shortage in the appropriation made last session; in this amount is included \$2,500 required by the department of Public Instruction to pay the expense of printing its report.

For the administration of justice, \$19,333.33 are asked, \$10,000 of this amount being called for by the insufficiency of the appropriation for the expenses of this service; \$5,497.98 to pay the Grand Trunk's claim for disbursements in the Fahey affair; and the balance for the police service, &c.

To meet the additional salary granted to Mr. Scaton, \$250 are asked.

For public works, \$11,945.73 are wanted, \$9,250 of it to cover the insufficiency of the appropriation made for the cost of maintaining public buildings and \$2,695.73 for repairs to court houses and gaols. All these expenses are considered indispensable by the departmental officers. The sum of \$60,000 voted for the maintenance of public buildings has always been looked upon as insufficient, and, in point of fact, this appropriation has to be increased every year by a supplementary vote. The maintenance of these buildings is more expensive than it was at the beginning of the installation of the Departments and Legislature. A large staff is required to suitably perform the service of so large an edifice.

The following amounts are needed by the Crown Lands Department:

Cadastre expenses.....	\$ 8,000.00
General expenses.....	18,000.00
	\$26,000.00

These two sums are required to cover the shortage in the appropriations for the purpose.

There is also a sum required to meet the following liabilities and expenses:

Portraits of the Speakers in oil colors.....	\$ 1,250.00
Inspection of railways	500.00
Bridge at Barrachois, Gaspé.....	610.00

\$2,360.00

Special Expenses:

Appropriation to complete the court house at Kamouraska.....	\$ 1,500.00
Protestant insane asylum, Montreal, balance of the proceeds of sale of the Leduc farm.....	7,821.00
Settlement of a petition of right in favor of W. P. Lockwood, for a claim against the Crown Lands Department.....	10,000.00
	\$19,321.29
For claims against the Q. M. O. & O. Railway on construction account	1,800.00

IX.

General Remarks on the Financial Situation.

Mr. Speaker, the statement I have just made is of a nature, I think, to convince the House and the country that we have accomplished within the range of possibility all that could have been reasonably expected of us.

In the matter of our finances, we have succeeded, by means of wise reforms and without burthening the taxpayers, in increasing our receipts to a figure never before reached by them. To attain this object, we had necessarily to exercise a greater supervision over the collection of the public moneys and to effect changes which have resulted in a marked increase in certain sources of our revenue. It is useless to review in detail the items affected by these changes, as I have already referred to them in the course of my remarks. But, if, on the one hand, we have succeeded in increasing the amount of our receipts, on the other, notwithstanding all our good will in that direction, we have found it impossible to control, as much as we might have desired, the figure of the expenditure occasioned by a policy of initiative and progress in keeping with the views of all who have at heart the welfare of the province, even at the cost of some sacrifices. It is my experience that the country desires a broad and liberal policy in all that relates to the development of its resources. Within the measure of our power and means, we have endeavored to give practical effect to a policy of this kind, while keeping within the bounds prescribed by the state of our finances. Nevertheless, the expenditure has not been out of proportion to the good which we hoped to attain.

At the same time, it is easily explained, and its results are visible in the impulse which has been given to the development of our railway system, to the work of agriculture and colonization, to the iron bridge policy, and to every undertaking of a useful and beneficial character for the interests of the province.

Still, the increase of our revenue is far yet from being commensurate with the needs of a country in which so much remains to be done and which favors the subsidizing of every project aimed at the development of its natural resources. But, unfortunately, it is not within the measure of the means at our command to gratify in a day all the wishes and aspirations of a people who ardently desire the realization of all the projects which they advocate. We are well disposed to meet the views of those who are anxious to promote in the highest degree the well-being of the province. Indeed, such is our policy, but we are necessarily compelled to keep within the bounds of possibility and to moderate the zeal of those who are prepared even to make the greatest sacrifices for the attainment of the object of their efforts; for, if not, we may run the risk of jeopardizing our dearest

interests. It is the duty of the Government, as the guardians of a sacred trust, to proceed with the prudence and wisdom of men, who fully understand the responsibility of the task entrusted to them.

The House and country would do well to remember that the policy of largely subsidizing public enterprises necessarily entails an increase of liabilities, which must be met some day or other. Since we have had the administration of affairs, we have energetically labored to carry out the promises we made to put the finances of the province in good order, and, on this head, we think we can safely assert that our efforts have not been without success. It is our sincere desire and aim to promote the progress and prosperity of the country, but, single-handed, the Government are powerless to carry to a successful issue a policy representing its real sentiments. They must have the concurrence of all men of good will and the moral support of all who desire the general welfare and prosperity.

With this concurrence and support, our task becomes easy and we can advance with greater safety along the path which we have laid down for ourselves.

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PCE

