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# BUDGET SPEECH

DELIVERED BY

*Ser. 100 - 184 - 123*

## HONORABLE L. O. TAILLON,

Premier and Treasurer of the Province,



IN THE

## LEGISLATIVE ASSEMBLY OF QUEBEC,

ON TUESDAY, 26th NOVEMBER, 1895.



QUEBEC:

PRINTED AT THE "MORNING CHRONICLE" OFFICE.

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MR. SPEAKER,

On the 5th December, 1893, my predecessor in office made his Budget Speech. He submitted to this House his estimates for the fiscal year 1894-95. We have now the Public Accounts and are able to make a comparison between the estimated and the actual revenue and expenditure. There are several differences between them in certain branches of the Public Service. This is inevitable. I will mention those that are large enough to merit special notice.

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EXCESS OF RECEIPTS OVER ESTIMATES, 1894-95.

The revenue from law stamps, which had been estimated at \$175,000, amounted to \$12,314.60 more than anticipated. This revenue necessarily follows the movement of judicial business.

In 1889-90 it was.....	\$174,693 10
1893-94 " .....	184,245 00
1894-95 " .....	187,314 60

The receipts from the Building and Jury Fund had been estimated at \$10,000. They amounted to \$19,477.90 more than expected. This excess over the estimate of a revenue which is not very variable, is due to the collection of arrears, notably from the city of Quebec, which paid \$15,393.

From the tax on commercial corporations a revenue of \$140,000 was expected. It yielded \$20,756.16 more than the estimated figure. The revenue from this source should increase in the future in proportion to the development of wealth in our Province.

In 1889-90 it was .....	\$130,212 74
1890-91 " .....	139,436 39
1891-92 " .....	137,937 88
1892-93 " .....	138,925 71
1893-94 " .....	142,854 50
1894-95 " .....	160,756 16

The tax on successions

In 1892-93 produced.....	\$ 40,313 59
1893-94 " .....	149,823 46
1894-95 " .....	162,535 50

My predecessor had fixed at \$40,000 the revenue that he expected from this source for the fiscal year 1894-95. His estimate was exceeded by \$122,535.50.

The law which created this tax was sanctioned on the 24th June, 1892, and came into force on the day of its sanction, so that the successions which opened during the fiscal year 1892-93 were liable for the duties imposed.

Judging from the above figures there is then reason to believe that the revenue from this impost will be still larger in the current fiscal year than in that of 1894-95, and the more so that a good number of successions, opened during the latter mentioned period, have not yet, for various reasons, paid

the percentage imposed by law. The revenue from this tax will increase from year to year.

The remaining receipts in excess of estimated revenue are so small that no useful purpose would be served by speaking of them.

#### RECEIPTS UNDER THE ESTIMATES.

The receipts falling short of the estimates, that deserve notice are :

	Estimated Receipts.	Actual Receipts.	Difference.
Department of Crown Lands.....	\$901,800 00	\$866,032 10	\$35,767 90
Quebec License Law, (net).....	600,000 00	564,003 31	35,996 69
Manufacturing and Trading Li- censes .....	250,000 00	121,932 96	128,067 04
Tax on Transfers of Real Estate ...	260,000 00	185,870 70	74,129 30
Maintenance of the Insane .....	40,000 00	21,848 28	18,151 72
Tax on the Subsidies granted to Railway Companies.....	40,000 00	6,344 68	33,655 32

When the session of our Legislature is held in Autumn, it is difficult to estimate exactly the receipts and expenses of the following fiscal year, because the date is too near the end of the last one. Take for example the department of Crown Lands. It is known that the receipts of this Department come to a large extent from lumbering operations. The revenue of timber dues for the fiscal year 1896-97, will be governed by the quantity of lumber that will be cut during the winter which is about to commence. This industry is very variable, and consequently all estimates upon the subject are exposed to be misleading.

All that I can say of the difference between the estimates and the real receipts from the Department of Crown Lands for the fiscal year 1894-95 is that there is nothing special or unusual about it.

The diminution of revenue from the Quebec License Law may be easily explained. The Estimates in the Budget for the fiscal year 1894-95 were prepared at the end of November or commencement of December 1893, and it was subsequent to that period that a bill was submitted to the Legislature, providing that for the year which commenced on the 1st May, 1894, the number of hotel and restaurant licenses in the city of Montreal should be limited to four hundred and forty, and for the following year to four hundred. This bill was adopted, and the revenue has suffered a diminution of about \$20,000 a year.

Moreover, in many other localities, the municipal authorities strive to diminish the number of licenses and they succeed to a great extent.

So far as manufacturing and trading licenses are concerned, I would remind you that they produced \$145,608.87 in 1892-93, and that during the session of November-December, 1893, when the Legislature changed the basis of the impost for the cities of Montreal and Quebec, and made other amendments to the law of 1892, it was very difficult to foresee the effect that this legislation would have upon the revenue. Instead of \$145,608.87, these licenses produced only \$106,428.45 in 1893-94, and \$121,932.96 in 1894-95. This source of revenue offers now but little interest, since it is to be suppressed.

It has been seen that the tax upon transfers of real estate has given only \$185,870.70, although it had been estimated by my predecessor to yield \$260,000.

In 1892-93 it gave.....	\$292,001 65
1893-94 do .....	246,860 50
1894-95 do .....	185,870 70

In 1892-93 the tax was one and a half per cent, but by a law sanctioned and put in force on the 8th January, 1894, it was reduced to one per cent. This reduction of one third, which was in operation for six months of the year 1893-94 and for the whole of the year 1894-95, explains the descending gradation of the revenue from this source.

The business timidity which has made itself more or less felt everywhere, has also had its effect upon the real estate movement. It is claimed, moreover, that certain laws of this Legislature have contributed to this result. To these causes I may add another. It has been reported in the newspapers and elsewhere that the tax on transfers of real estate will be suppressed or reduced, and this has led to the postponement of many transactions to a later date, or, at all events, of their appearance in the books of the Registry Offices.

The receipts under the estimates, amounting to \$18,151.72 in the revenue from payments for the maintenance of the insane, is partly explained by the fact that a sum of \$7,000, which was due by the city of Quebec on the 30th June last, has not yet been paid, because there are unsettled accounts between this city and the Government.

Moreover, the difficulty here presents itself again of preparing the estimates in October or November for a year which only commences on the 1st July following.



The revenue from the reimbursement of a percentage upon the railway subsidies, provided by the law of 1890 (54 Vict., ch. 88, arts. 11, 12, 13, 14), had been estimated by my predecessor at \$40,000.00. It has only yielded \$6,344.68. Actions have been instituted against several companies. In defence, it was pretended that the law could not be executed because it did not fix the quota of the tax. It limited itself to say that a sum not exceeding the half of one per cent upon the amount of the subsidy would be levied. It is true that the actions claimed only one half of one per cent. However, the pretensions of the defence were maintained by the Superior Court, in October, 1894. I will add that the law did not give the Executive the power to fix the quota to be levied.

During these proceedings in Court, most of the companies abstained from paying. The sums that are included in the receipts are principally composed of amounts retained by the Treasurer when paying the subsidies.

A law of last session does away with this cause of difficulty, and I hope that the railway companies will now comply with the law.

#### EXPENDITURE, 1894-95.

The following are the branches of the administration in which, between the estimated and real expenditure, there has been a difference important enough to warrant your attention :

The expenditure for the public debt was estimated by my predecessor at.....	\$1,527,296 36
It was only.....	1,486,660 62
Difference below estimate.....	\$ 40,635 74

This difference is due for the greater part to the fact that in the estimates for December, 1893, the interest on temporary loans then contracted and on those which the Province would have to contract was calculated at five per cent. This was the rate which was paid at that time. But the money market having become more favorable, and our credit having been sufficiently improved to enable us to profit thereby, we were enabled to borrow temporarily at less than five per cent.

The following are the headings under which the actual expenditure has materially exceeded the estimates :

	Estimated Expenditure.	Actual Expenditure.	Difference.
Administration of Justice.....	\$565,940 00	\$608,327 29	\$ 42,387 29
Agriculture, Colonization, etc.....	236,900 00	290,636 62	53,736 62
Public Works, extraordinary.....	16,300 00	152,499 01	136,199 01
Miscellaneous Services.....	315,700 00	336,756 01	21,056 01

The increase in the expenditure under the heading of Administration of Justice is not at all surprising when the epidemic of crime which broke out in 1894 and 1895 is considered. The Criminal Court terms were longer and more frequent than usual, the number of prisoners increased, and in a word the costs were in almost every particular heavier than in the past, in this important branch of the Public Service. Let us hope that this increase in crime will not be of a permanent character.

The efforts of the Government to develop the Agricultural Industry are well enough known, and they are too well appreciated to leave any need for me to justify the increase of expenditure which I have just mentioned in connection with this department.

The amount voted during the session of 1893-94 for extraordinary public works was \$16,300.00. By the Supplementary Estimates voted during the session of 1894-95 the sum of \$130,879.50 was added thereto, of which \$123,340.65 was for the Montreal Court House. The work of enlarging this building is at an end. All the works carried out since the DeBoucher-ville Government was formed have been paid for. On the previous works the sum of \$167,234.13 is claimed by the contractor. A judgment, rendered on this claim by the Superior Court, on the 6th November, instant, granted him \$92,296.21. We do not know whether the claimant will acquiesce in the judgment, and the Government has not yet come to a decision on the subject.

The difference of \$21,056.01 in Miscellaneous Services is explained by the fact that, after the preparation of the estimates, the Legislature passed a law granting a fixed salary to registrars, and obliging them to account to the Provincial Treasurer for all fees and emoluments of office received by them. This law went into force on the day of its sanction, (January 8th, 1894) and it was applied to the registrars of Montreal, Hochelaga and Jacques Cartier, and Quebec.

I have spoken at considerable length about the difference between the estimates prepared in December 1893 for the financial year 1894-95, and the actual receipts and expenditure of that year. This has given me occasion for certain remarks which will have their use hereafter.

**STATEMENT C.**  
**RECEIPTS.**

	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.
Dominion of Canada.....	\$1,278,952 80	\$1,278,952 80	\$1,278,952 80	\$1,278,376 11	\$1,277,799 42
Crown Lands.....	742,544 62	684,006 98	990,937 67	905,163 96	866,032 10
Law Stamps.....	175,972 20	169,128 20	174,940 10	184,245 00	187,314 60
Registration Stamps.....	17,650 90	17,928 90	18,044 65	18,006 05	58,371 60
Building and Jury Fund.....	16,598 75	23,638 32	21,772 48	24,596 46	41,579 26
Law Fees.....	4,610 82	10,267 92	10,383 34	11,495 70	12,166 84
Municipalities for maintenance of prisoners	12,214 31	9,499 10	8,175 15	8,122 71	9,322 05
Montreal Court House.....	1,569 19	3,752 71	2,037 06	2,372 28	3,353 28
Montreal Gaol.....	5,115 80	4,927 72	1,949 88	4,376 99	4,550 47
Gaol Guards, Montreal and Quebec.....	1,600 00	1,600 00	1,600 00	10,200 06	2,400 00
Prisoners' earnings, Quebec Gaol.....	95 25	594 93	173 97	186 60	192 15
do do Bedford do.....				16 25	
do do Terrebonne do.....					20 00
Gaol Farm, Quebec.....		54 00			
Fines, Justice.....	158 05	149 02	250 70	340 40	130 40
High Constable's fees, Quebec.....	509 21	449 27	433 85	456 03	541 22
Licenses.....	586,206 14	607,989 33	672,757 90	636,052 34	605,918 78
Direct Taxes on Commercial Corporations	139,436 39	137,937 88	138,925 71	142,854 50	160,756 16
Tax on transfers of property.....			292,001 65	246,860 50	185,870 70
Direct Taxes on certain persons.....			15,667 64	15,293 70	17,059 29
Manufacturing and Trading Licenses.....			145,608 87	106,428 45	121,932 96
Duties on Successions.....			40,313 59	149,823 46	162,535 50
Percentage on fees of Public Officers.....	9,983 27	8,017 29	9,865 57	14,765 37	7,347 79
Percentage on renewals of Mortgages.....	490 35	122 87	357 60	180 96	307 79
Legislation.....	5,440 08	10,755 27	10,287 72	8,236 27	6,068 59
Lunatic Asylum, Municipal Contributions	8,033 21	1,104 38	24,758 96	18,955 66	21,697 13
do Paying Patients.....	105 39	75 68	1,778 91	407 49	151 15
Reformatory and Industrial Schools.....	11 40		77 64	2,289 06	5,688 51
Quebec Official Gazette.....	24,351 26	24,263 43	25,813 60	20,774 41	21,835 47
Casual Revenue.....	1,991 16	3,870 26	9,059 93	5,870 13	6,114 02
Civil Service Contributions for Pensions...	8,309 21	7,357 53	7,348 26	7,125 49	6,677 95
Provincial Insurance Companies, towards					
expenses of inspection.....	440 86	530 55	430 00	520 84	429 16
Public Works and Buildings, Rents.....	762 17	924 16	1,743 17	1,878 63	1,062 60
Railway Inspection Fees.....				516 00	516 00
Interest on Loans and Deposits.....	32,357 11	44,538 81	43,673 18	26,438 87	23,095 38
Premium, Discount and Exchange.....	2,884 44	674 02	1,168 52	7,046 19	3,949 36
Interest on price of sale, Q. M. O. & O. Ry.	367,908 07	370,140 58	368,136 05	369,622 58	368,327 96
Registration Fees.....				11,539 90	5,682 42
Refunds.....	10,841 91	30,587 14	46,720 96	16,223 82	24,180 38
Quebec Fire Loan.....			100 00	580 00	220 00
Dominion of Canada, General Account.....			18,407 40	489 40	489 40
	\$3,457,144 32	3,458,403 85	4,384,654 48	4,258,728 56	4,221,687 84
Sales of properties in Montreal and Quebec			7,116 00	1,805 05	100,340 28
<b>TRUST FUNDS, REPAYMENTS, &amp;c. :-</b>					
Repayments of Advances.....	2,500 00	11,321 29	50,000 00		5,550 00
Teachers' Pension Fund.....	4,758 66	1,061 51	4,691 91		202 22
City of Hull Sinking Fund.....	140 36	145 07	149 46	153 99	158 63
Pointe & Gatineau Sinking Fund.....					100 00
Council of Agriculture.....					286 00
Heirs and Estate F. E. Roy.....					1,584 00
Marriage License Fund.....	6,750 00	6,696 00	7,476 00	7,470 00	7,218 00
Security Deposits, Public Officers.....	1,000 00	500 00	3,453 00	1,994 38	500 00
Aylmer Court House Fund.....				42 76	
Deposit in re Julie Labbé.....				500 00	
Reimbursement Railway Subsidies Fund...		5,675 50	9,737 36	49,732 48	6,344 88
Railway Guarantee Deposit.....	278,520 00				
Arts and Manufactures Building.....		1,288 90			
Municipal Loan Fund.....		3,000 00			
Refunds, Special Expenditure.....		4,581 48			
do Q. M. O. & O. Railway, &c.....		1,444 00			
	\$3,750,313 34	3,494,117 60	4,467,278 21	4,320,427 22	4,343,971 65
Temporary Loans.....	2,223,333 33	1,400,000 00	1,150,000 00	870,000 00	2,460,000 00
Proceeds Loan of 1891.....		3,707,530 00			
do 1893.....				3,860,073 34	
do 1894, (London).....				2,742,076 73	2,723 27
do do (Paris).....					4,106,391 52
Cash on hand at 1st July of each year.....	528,344 43	471,852 59	1,331,855 29	365,355 91	546,732 00
	\$6,499,491 10	\$9,073,500 19	\$6,949,133 50	\$12,157,933 20	\$11,450,818 44

**STATEMENT D.**  
**EXPENDITURE.**

	1890-91.	1891-92.	1892-93.	1893-94.	1894-95
Public Debt .....	\$1,271,506 33	\$1,438,443 62	\$1,445,031 34	\$1,437,932 67	\$1,486,660 62
Legislation.....	281,078 74	282,264 64	199,769 8	207,676 77	198,543 50
Civil Government.....	269,660 07	266,324 19	251,908 20	256,725 24	251,256 54
Administration of Justice...	679,006 18	691,788 18	583,409 56	548,038 05	608,327 29
Public Instruction.....	402,106 34	415,48 11	384,960 00	380,760 00	383,726 45
Agriculture, Colonization and Immigration .....	245,628 89	305,102 71	201,328 17	242,864 01	290,636 62
Public Works and Buildings:					
Ordinary.....	139,612 83	152,903 17	104,528 88	101,037 86	110,257 32
Extraordinary.....			238,264 10	390,955 24	152,499 01
Asylums and Charities.....	316,872 66	422,681 59	355,725 00	325,082 00	323,047 25
Miscellaneous (including payments by Revenue Of- ficers out of Collections)..	490,048 41	471,649 39	425,597 76	376,874 23	390,772 84
Special Expenditure.....	820,254 15	551,041 88			
Repayment Railway Guar- antee Deposits.....	\$4,915,774 60	4,997,681 48	4,190,522 85	4,267,946 07	4,195,727 44
Advances.....	222,097 41	231,070 14	240,405 39	250,117 25	260,223 01
Trust Funds.....	43,760 00		48,030 89	19,395 60	30,550 00
Reimbursement Railway Subsidies Fund, Costs of Collection .....	13,417 42	8,017 00	13,147 08	13,681 78	17,390 26
				88 80	2,742 80
Railway Subsidies and Q. M. O. & O. Railway.....	\$5,195,049 43	5,236,768 62	4,492,106 21	4,550,629 50	4,506,633 31
	955,620 26	750,968 42	850,455 09	975,426 69	854,519 92
	\$6,150,669 69	5,987,737 04	5,342,561 30	5,526,056 19	5,361,153 23
Temporary Loans repaid....		2,073,333 33	1,000,000 00	2,070,000 00	1,500,000 00
Redemption of debt:					
Loan of 1891.....				3,860,000 00	
do 1893.....					4,106,461 00
	\$6,150,669 69	8,061,070 37	6,342,561 30	11,456,056 19	10,967,614 23
Add: Payment of Warrants outstanding at 30th June, 1890, 1891, 1892, 1893, 1894	112,571 45	235,602 63	555,028 10	313,611 81	156,666 80
Deduct: Unpaid Warrants outstanding at 30th June, 1891, 1892, 1893, 1894, 1895	\$ 6,263,241 14	8,296,673 00	6,897,589 40	11,769,868 00	11,126,281 03
	235,602 63	555,028 10	313,811 81	158,666 80	209,495 96
	\$6,027,638 51	7,741,644 90	6,583,777 59	11,611,201 20	10,916,785 07

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 GENERAL STATEMENT, 1894-95.

The statement for the financial year 1894-95 may be summarized as follows :

Ordinary receipts, including the amount received from the taxes imposed in 1892 (\$487,398.45).....	\$4,221,687 84
Ordinary expenses (including \$77,866.66 for redemption of the obligations of the loan of 1880). .....	\$4,043,228 43
	<u>\$ 178,459 41</u>

With regard to the total expenditure, leaving aside what was paid for railways, namely :

Subsidies to different companies.....	\$ 848,910 95
Q. M. O. & O., construction.....	5,608 97

and including \$2,742.60 which were spent for the collection of the tax upon railway subsidies, (by the law of 1890), they amount to \$4,506,633.31.

The total receipts, including \$6,344.68, levied on railway subsidies and \$100,340.28 resulting from the sale of the property known under the name of Chateau Ramesay, or old Normal School, amounted to... \$4,343,971 65

Total Expenditure.....	\$4,506,633 31
Total Receipts.....	\$4,343,971 65
	<u>\$ 162,661 66</u>

I may remark, *en passant*, that in the sum for total expenditure, there is included the sum of \$25,000.00 loaned to the nuns who have taken charge of Beauport Asylum. This is not, properly speaking, an item of expenditure, and it would be only right and proper to strike out this amount from the \$162,661.66, which would reduce the difference between the receipts and the total expenditure for the financial year 1894-95 to \$137,661.66.

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These figures are an unanswerable reply to those who accuse us of forsaking that prudence which characterized our administration in 1892-93.

Consider the appended Statement D; compare the expenditure of 1894-95 with that of 1892-93; leave out of the question the railway guarantee deposits, the advances, the trust funds, the railway subsidies and the loans, matters which have no connection with the comparison which I propose, and what do you find?

1894-95 Expenditure.....	\$4,195,727 44
1892-93 Expenditure.....	4,190,522 85
	\$ 5,204 59

And remember that in 1894-95 we had to pay more than in 1892-93, for the following:

Public Debt.....	\$41,629 28
Agriculture.....	89,308 45
Salaries and contingent expenses of registrars in virtue of law sanctioned January 8th, 1894.....	25,630 67

It is true that this law brings in more than enough to enable the Government to meet this expenditure; it is also true that everything considered, it gives a profit of from ten to twelve thousand dollars a year, but it is equally true that there is a new expenditure of \$25,630.67 under the head of "Miscellaneous Services."

Notwithstanding this fact, however, Miscellaneous Services cost \$34,824.92 less in 1894-95 than in 1892-93.

What is there left in this comparison to support the accusations of extravagance or even of mere carelessness? Is it the increase of \$24,917.73 in the expenditure under "Administration of Justice"? In order to arrive at this conclusion it would be necessary to ignore what has occurred in the Courts of Justice during the past two years.

Take now Statement C, and compare the receipts of 1894-95 with those of 1892-93. Examining this statement in the light of the explanations which I gave in the first part of my speech, where I compared the estimates with the actual receipts and expenditure for 1894-95, what cause of reproach can be found against us? I defy anybody to find a solitary one. We have given the same attention to the collection of revenue as to the guarding of expenditure.

## 1895-96.

In my financial exposé of the 21st December last, the receipts were estimated at \$4,255,499.42, for the fiscal year 1895-96.

Subsequently, the Government made arrangements with the Canadian Pacific Railway Company, which reduced to \$333,064.00 (instead of \$370,000.00) the interest that we shall receive this year on the price of sale of the Q. M. O. & O. Railway.

On the other hand, I expect :

From the Department of Crown Lands...	\$1,000,000.00	instead of	\$936,050.00.
From the Tax on Commercial Corporations.....	160,000.00	instead of	140,000.00.
From the Tax on Successions.....	165,000.00	instead of	150,000.00.

In a word, I count, for the current fiscal year upon a revenue of \$4,317,513.42.

The ordinary expenditure of the current fiscal year will be.....\$4,013,008 58

If to the above be added the Extraordinary Expenses, namely :

For Public Works.....	\$ 58,486 34	
Railway Guarantee Deposits.....	268,235 62	
		326,721 96

We have a total expense of.....\$4,339,730 54

There are also \$800,000 that we may be called to pay for Railway Subsidies. But this is, so to say, a separate account. This sum will increase the expenditure to \$5,139,730.54.

If then my conjectures are realized the financial year 1895-96 will result as follows :—

Ordinary receipts.....	\$4,317,513 42
Ordinary expenditure.....	4,013,008 58
	<u>Surplus.....\$ 304,504 84</u>

Total expenditure (less railway subsidies and the Berger claim for works to Montreal Court House under Mercier administration, now in dispute).....	\$4,339,730 54
Receipts.....	4,317,513 42
	<u>Difference.....\$ 22,217 12</u>

## STATEMENT E.

## ESTIMATED RECEIPTS 1896-97.

## DOMINION OF CANADA :

Subsidy under B. N. A. Act.....	\$959,252 80	
Interest on Trust Funds.....	71,385 94	
Special Subsidy, 47 Vict., chap. 4.....	127,460 68	
Interest on Railway Subsidies under 47 Vict., chap. 8.....	119,700 00	
		1,277,799 42

## INTEREST :

Interest on price of sale Q. M. O. & O. Railway.....	308,000 00	
Interest on Loans and Deposits.....	20,000 00	
		328,000 00
Crown Lands.....		954,000 00

## ADMINISTRATION OF JUSTICE :

Law Stamps.....	185,000 00	
Law Fees.....	12,000 00	
Building and Jury Fund. (Net revenue).....	12,000 00	
Maintenance of Prisoners.....	9,000 00	
Gaol Guards, Montreal and Quebec.....	4,000 00	
Fines.....	500 00	
Montreal Gaol.....	4,000 00	
Other Gaols—Prisoners' earnings.....	200 00	
Montreal Court House.....	3,000 00	
High Constable's Fees, Quebec.....	500 00	
		230,200 00

Registration Stamps (including fees of Registrars, Montreal and Quebec.....	60,000 00	
Licenses. (Net Revenue).....	575,000 00	
Direct Taxes on Commercial Corporations.....	160,000 00	
Taxes on Transfers of Property.....	200,000 00	
Duties on Successions.....	170,000 00	
Percentage on Fees of Public Officers.....	8,000 00	
Percentage on renewals of Mortgages.....	200 00	
Maintenance of Insane.....	52,500 00	
Maintenance of Inmates of Industrial and Reformatory Schools.....	17,500 00	
Legislation.....	8,000 00	
Official Gazette.....	21,500 00	
Rents of Public Buildings, &c.....	1,000 00	
Casual Revenue.....	6,000 00	
Provincial Insurance Companies—Contributions.....	500 00	
Contributions to Pensions, Civil Service.....	6,500 00	
Premium Discount and Exchange.....	1,000 00	
		4,077,699 42

Reimbursement Railway Subsidies.....	30,000 00	
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		\$4,107,699 42
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**STATEMENT F.**  
**ESTIMATED EXPENDITURE 1896-97.**

	\$	cts.
Public Debt.....	1,523,202	56
Legislation .....	194,688	95
Civil Government.....	251,244	22
Administration of Justice, &c.....	504,540	00
Public Instruction, &c.....	379,260	00
Agriculture, Immigration and Colouization.....	251,800	00
Public Works and Buildings:		
Ordinary....	\$109,860	76
Extraordinary.....	10,228	00
	<u>120,088</u>	76
Charities, including Lunatic Asylums.....	330,438	25
Miscellaneous Service.....	341,800	00
Repayment of Railway Guarantee Deposits.....	276,522	46
Aylmer Court House Fund.....	1,574	00
	<u>4,235,159</u>	20
Railway Subsidies and Q. M. O. & O. Railway.....	700,290	25
	<u>\$4,935,449</u>	45

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**1896-97.**

REVENUE.—I put the revenue for next year at \$4,107,699.42.

We will not receive more than \$308,000.00 interest upon the price of sale of the Q. M. O. & O., owing to the arrangements which we had to make last winter with the Canadian Pacific Railway Company.

It is probable that the Crown Lands Department may not contribute as much to the Treasury as this year. I estimate it at \$954,000.00 instead of \$1,000,000.00.

The manufacturers' and business licenses, which brought \$121,932.96 in 1894-95, will not be levied in 1896-97.

The same is the case with the direct taxes on certain persons which in 1894-95 brought in \$17,059 29.

As partial compensation for this diminution we will have a slight increase of revenue in some branches of the Public Service, and hardly any extraordinary expenditure in the Public Works Department (\$10,228.00.)

The ordinary expenditure, which was only \$4,043,228.43 in 1894-95, and which is estimated at \$4,013,008.58 for the current year, is only put at \$3,946,834.74 for the year 1896-97.

The extraordinary expenditure, exclusive of Railway Subsidies, which was \$412,722.02 in 1894-95, and which is calculated at \$326,721.96 for the current year, will only be \$288,324.46 for 1896-97.

Summing up, my forecast for 1896-97 is as follows :

Ordinary Receipts.....	\$4,107,699 42
Ordinary Expenditure.....	3,946,834 74
	<hr/>
Surplus .....	\$ 160,864 68
	<hr/> <hr/>
Total Expenditure, (less Railway Subsidies)..	\$4,235,159 20
Receipts.....	4,107,699 42
	<hr/>
Difference.....	\$ 127,459 78
	<hr/> <hr/>

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It will be seen that apart from the sums which must be paid annually for railway guarantee deposits, (\$276,522.46 for the year 1896-97), we still have equilibrium in the finances, even without levying either the taxes on manufactures and business or the direct taxes on certain persons.

I will tell you, in a moment, how what remains due upon the guarantee deposits made by certain railways will have to be reimbursed.

Judging by the estimates for 1896-97, there is reason to believe that the Government will be able again, at the end of that fiscal year, to invite its judges to glance over the accounts of preceding years, and to say whether it has been faithful to its programme, or if it has digressed from it, as some have been pleased to say, with a persistence that has nothing in common with the spirit of justice and good faith.

APPROXIMATE STATEMENT of Liabilities and

LIABILITIES.	—	—
	\$	cts.
Funded Debt outstanding.....		29,345,402 67
Temporary Loans.....		1,460,000 00
Trust Deposits.....		260,858 52
Railway Company Deposits to meet guaranteed interest on bonds.....		991,292 78
Outstanding Warrants.....		209,495 96
Railway money subsidies authorized but not yet earned.....	703,430	39
Railway land subsidies converted into money subsidies, authorized but not yet earned.—Balance on first 35 cts. per acre....	291,745	86
Railway land subsidies which may be converted into money subsidies.—165,000 acres at 70 cts. per acre=\$115,500.00. First 35 cts. per acre payable as work is done.....	57,750	00
		1,052,926 25
Loss on Exchange Bank deposit.....		25,218 75
Quebec Court House bonds.....		200,000 00
		<u>\$33,545,194 93</u>

## Assets of the Province of Quebec at 30th June, 1895.

ASSETS.	—	—
	\$ cts.	\$ cts.
Part of price Q. M. O. & O Ry. deposited in Banks.....	353,390 00	
do do invested in \$29,000 Province of Quebec Bonds, Loan of 1878, bought at 109 p. c.....	31,610 00	
do do invested in Quebec Court House Bonds..	200,000 00	
do do invested in City of Quebec Bonds .....	15,000 00	
Balance of price Q. M. O. & O. Railway unpaid.	7,000,000 00	
		7,600,000 00
Railway grant under Dominion Act 47 Victoria, chapter 8.....		2,394,000 00
Cash in Banks.....		543,033 37
Claim against Hon. Thomas McGreevey.....		100,000 00
Cost of Jacques Cartier School, Montreal, to be repaid from sale of property.....		6,153 60
Advances to various parties.....		176,457 89
Quebec Court House tax, under 45 Victoria, chapter 26, and 48 Victoria, chapter 16.....		200,000 00
		11,019,644 86
Excess of Liabilities over Assets at 30th June, 1895.....		22,525,550 07
		\$33,545,194 93

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LIABILITIES AND ASSETS, 30TH JUNE, 1895.

The principal changes that have taken place in this statement since the 30th June, 1894, are the following :

The funded debt has been increased during the year by the difference between the face value of the debentures of the Paris loan of 1894 and those of the loan of 1893, which the former were issued to redeem, amounting to \$1,226,515.00, and reduced by \$77,866.66 the amount of the debentures of the loan of 1880 redeemed, making the net increase \$1,148,648.34.

With respect to the increase of the nominal capital of the debt caused by the issue of a three per cent loan to pay off the loan made in Paris in 1891 and renewed in 1893, it is but right to notice the difference between the interest that we are now paying and that which we should have paid if we had issued four per cent securities. This difference would have been in proportion to the price that we should have obtained for the four per cent debentures. It is very doubtful whether at the time that the Province contracted to accept 77 net for its three per cents, it could have obtained 99 net for its four per cents. I therefore believe that I am within the mark in estimating the annual saving in interest at \$7,000.

The temporary loans have been increased \$960,000, borrowed for the payment of Railway Subsidies and the extraordinary expenditure on public buildings.

The liability for Railway Subsidies has been diminished by an amount of \$815,308.57, and there are now supposed to be no more claims against the Q. M. O. & O. Railway of any importance.

The Railway Guarantee Deposits have been reduced by the sum of \$260,223.01 paid during the year.

The outstanding Warrants are \$50,829.16 more than they were at the same date in 1894, and the Cash in Banks \$3,698.63 less.

The Chateau Ramesay property has been sold, and \$100,340.28 of the price received, and there remains \$6,153.60 still to be collected. According to the Act 35 Vict., Cap. 14 (1871), and to a resolution adopted by this House on the 21st December 1875, the price of this property was appropriated to reimburse the Treasury, as far as it would go, for the amount expended for the purchase of a lot of land and the erection of a building for the Jacques-Cartier Normal School at Montreal.

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With regard to this Statement, I can only repeat what has been said before, viz : that it is only an approximate one and cannot be made complete until matters are settled with the Dominion and Ontario.

#### DOMINION AND PROVINCIAL ARBITRATION.

In my Budget Speech of last year I said that the expenses incurred in this Arbitration have been large and will continue to be so until its completion, but that it should be borne in mind how numerous and important the matters are that are under discussion, and I called attention to the large amount of work and research that must attach to the examination and settlement of claims and accounts which have remained unsettled since Confederation.

I have thought it desirable to have a memorandum of the circumstances which have necessitated this Arbitration, of the questions that have to be decided by it, and of the progress of the work to the present time, to be prepared by Mr. Machin, the Assistant Provincial Treasurer, who has taken a part in all the Conferences that have been held since 1882, whose memoranda, made from time to time, on the different matters involved, and whose assistance during the Arbitration have, I am assured by the Counsel for the Province, been of the greatest possible service to them in their difficult task in which they have been engaged.

We have, I regret to say, lost the services of Mr. Girouard, by his well merited promotion to the Bench of the Supreme Court, but some of the most difficult cases have had the benefit of his talent and labour, and have been argued by him, and Mr. Hall, our present Counsel, has made these matters a study for the past three years.

This memorandum I will communicate to the House within two or three days, and it will be attached to my Speech. It will be seen from it that the results, so far, have been extremely satisfactory as regards the interest of our Province.

The House may be assured that every effort will be made on our part to bring this Arbitration to a speedy termination, and that no exertion will be wanting to protect the rights and interests of Quebec.

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## THE PAST—THE FUTURE.

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When the Hon. Mr. de Boucherville took over the administration of the affairs of the Province in December, 1891, the consolidated debt amounted to over twenty-five millions of dollars, including the loan of \$4,000,000.00 negotiated in France, in 1891, by our predecessors, for a term of two years; the floating debt, apart from certain Petitions of Right and other claims, aggregated over eight millions of dollars.

The expenses had increased in an alarming manner from year to year since 1887-88. I may add, *en passant*, that nothing gave any promise that those who had so imprudently entered upon this course would turn away from it. On the contrary everything pointed towards their continuance in the direction of the abyss. Against this floating debt our predecessors had only left a law authorizing a loan of \$10,000,000.00; (this was not sufficient, for they had already, in virtue of this law, borrowed four millions, so that there only remained six millions to borrow, and the liabilities exceeded eight millions,) and to meet the annual deficit which exceeded \$1,700,000.00 they left nothing.

The reputation of the Province, which had suffered, principally in England, from the law concerning the conversion of the Public Debt, which the Mercier Government caused this Legislature to pass in 1888, was still more gravely compromised by revelations which were rightly termed scandalous.

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### OUR TASK.

To redeem the credit of the Province, to diminish expenses, to create new taxes, to borrow, with an impaired exchequer, in order to carry out the engagements bequeathed to us by our predecessors, this alone was a very heavy task.

Yet it was not all.

The arrangements to be made for the care of the insane in Beauport Asylum, the carrying out of the contracts, as well as the laws passed in 1882 on the subject of the sale of the North Shore Railway, were to add still more to the difficulties of our position.

The settling of the accounts between the Governments of the Dominion, of Ontario and of our Province, could be no longer delayed and was a work, of the difficulty of which no conception could be formed before it was undertaken.

I must not omit to mention in this enumeration, the large number of claims resulting from contracts, which to us appeared illegal, and which



were certainly contrary to the public interest. There were even some which seemed made expressly for purposes of corruption. Should we settle amicably, or permit suit by petition of right, or should we rather peremptorily reject the claims? We are of opinion that we exercised our discretion wisely in the manner in which we treated each case.

## HAVE WE ACCOMPLISHED OUR TASK ?

### TO REDUCE THE EXPENSES

after five years of prodigality was not an easy matter. We however succeeded to a great extent. By means of retrenchment we succeeded in spending about \$700,000.00 a year less than our predecessors.

How often have we been reproached with not being men of progress, with neglecting our friends, and with amassing the means for our adversaries to spend freely, if later on they should be called to succeed us. I am astonished that there should be such a lack of public spirit.

The Government is asked for all manner of things without a thought being given to the state of the finances, without a thought as to what is in the general interest and what is not, and without any distinction between works which should be left to the initiative of individuals or municipalities, and those which should receive Government aid.

### TAXES

are never popular. We knew that they would be brought up against us and that the first to bring them up would be those who made them necessary. But must we not honor the engagements of the Province? In order to re-establish our credit must we not bring about an equilibrium in our finances? Had we not also to provide for the interest on the public debt which our adversaries had so gaily increased, and for a host of exigencies, the creation of which they might have avoided in their administration of public affairs, and which it is now so difficult to suppress?

Our opponents say that the taxes were unnecessary.

There was only one other resort, namely, to reduce the expenses to the figure of the then existing revenue.

This was impossible. How could they have done it who had deficits in round figures, as follows :

1889-90 .....	\$1,380,569 18
1890-91 .....	1,722,756 09
1891-92 .....	1,742,651 02

It is true that they governed during only the half of the latter fiscal year, but the Estimates which they had prepared, the difficulty of reducing the expenses after they had been so large, their antecedents, everything tells us that if they had remained in power up to the end of that year, and if they had not been, so to say, interdicted by the Lieutenant-Governor in the last months of their administration, the deficit would have been even more considerable.

What then would they have done in our position ?

The Opposition is not obliged to advise the Crown, but there is one fact which imposes this duty upon our adversaries, although not required by the constitution. It is the fact that the situation which I have just pictured was created by them. Since they did not tell the people how they intended to re-establish equilibrium in the finances when they were in power, and when it was their duty to have done so, let them tell us now, otherwise they have no chance of being considered serious men.

I repeat the question, what would our opponents have done ?

They would no doubt have increased the expenses.

They certainly would not have reduced them.

They would then have had to impose \$700,000.00 more taxes than we had to.

In any case those who are not blinded by party spirit admit that new revenues were required.

That is what we have been told by all the business men who have made representations to us concerning our system of taxation.

They did not pretend that we could dispense with taxes. On the contrary they admitted that we had to augment the revenue and they only discussed the mode to be adopted for doing so.

What taxes then were we to choose ?

We have not to examine the relative merits and demerits of direct and indirect taxes, because the Constitution permits us to impose direct taxes only.

Sir Cornwall Lewis has said:—"The art of a Chancellor of the Exchequer consists in raising a maximum of money and a minimum of discontent."

If Sir Cornwall Lewis had known the Province of Quebec, he would have been speedily convinced of the difficulty of this art.

In 1892, we decided to impose

- A license on manufactures and commerce ;
- A direct tax on certain persons ;
- A tax on transfers of property ;
- A tax upon successions.

The Opposition has criticized these taxes. To have suggested others would have been too much loyalty for them. They preferred to say that none at all were needed.

But since, in the face of annual deficits, no one can seriously deny the necessity of new sources of revenue, I have the right to ask our opponents what taxes they would have imposed and which they would have maintained to-day. Would they have imposed a tax upon landed property all over the Province? Perhaps so, for on November 13th, 1890, when the Mercier Government was preparing to ask the Legislature for the power of making a new loan of ten millions of dollars, one of its friends, Mr. Lemieux, put the following question :—

“What was the total value in 1880 of taxable property in the Province of Quebec, according to the valuation rolls transmitted, according to law, to the Provincial Secretary?”

Reply by Hon. Mr. Langelier :—“The reports of my department show :

\$180,197,001.00 for rural municipalities over and above thirteen municipalities which have not reported.

83,014,995.00 for the cities of Quebec, Montreal and Three Rivers.

\$263,211,996.00 Total for the Province.

Was it mere curiosity that actuated Mr. Lemieux in putting this question? Was it simply to satisfy the curiosity of a private member that Mr. Langelier, a Cabinet Minister, took the trouble of preparing a reply?

There is only one interpretation to be put upon all this. It was that the Mercier Government and the party which supported it were thinking of imposing a general tax upon landed property.

The Province does not want this tax. That was proved in 1893 by a vote in this House. The Hon. Mr. Morris had made the following motion :

“That in the opinion of this House the taxes imposed on the mercantile community in this Province should be immediately abolished, and replaced by a tax of one mill on the dollar of all taxable real estate in the Province; the valuation to be based on the assessment rolls of cities and municipalities, and that the said tax be collected by the proper municipal officers thereof.”

On the sixth of December, the House rejected this proposal, which was supported by the votes of Messrs. Augé, Carbray, Kennedy, Martineau, Morris, Parizeau and Villeneuve, all of whom represented commercial centres.

## LICENSES ON MANUFACTURES AND COMMERCE.

### DIRECT TAXES ON CERTAIN PERSONS.

I will not stop to justify the tax on manufactures and commerce or the direct tax on certain persons. Every one knows that we only imposed

them with the greatest repugnance and with a promise to abolish them at the earliest opportunity. This pledge we have redeemed this year. A law withdrawing these licences and taxes has just been voted by both Houses. I hope that this good work will encourage the interested parties to pay what they owe for the current and past years. It will be readily understood that the Government must insist upon this, for the double reason that it needs this revenue and that it is only just towards those who have paid up.

### TAX ON TRANSFERS OF PROPERTY.

Coming to the tax upon transfers of property, I quote the words of Paul Leroy-Beaulieu. In his remarkable work, entitled: *The Science of Finances*," he says that this tax is one of the earliest recognized by the civilized world, justifying it as follows: "Another motive still better justifies in principle the registration and stamp duties. It is the State which is the guarantee of all social transactions. It is thanks to its support, its police, its courts, that property can be safely transferred from the dying father to the surviving son, from the selling proprietor to the acquiring capitalist. It is thanks to it also that contracts are respected, and it is therefore natural and just that the State collect on the amount an equivalent to an insurance premium. This fee is the price of a service rendered, of a service of the highest order which the State alone can render. The contracting parties in the case of a transaction, the heirs in the case of a succession, pay it for its guarantee, and the eventual aid which it renders them in the execution of a contract or in the enjoyment of an inheritance."

To illustrate the author's idea, I may mention that the Province spent over a million dollars upon the completion of the cadastre which regulates the division of landed property. Why should not all this wealth be called upon to contribute towards the public revenue and to indemnify the State for all that she spends upon its protection ?

Leroy-Beaulieu says that in order to be acceptable this tax must be light, as well as the duty upon successions, but he wrote in a country where the powers of the Government are not limited in the choice of a system of taxation. When the State has the right to supplement its revenue by indirect taxes, such as those upon articles of consumption, it can follow the advice of economists. I have just said that the case is otherwise in our Province.

At all events, we have proved that we are not altogether in disaccord with Leroy-Beaulieu, for it was with this tax that we began the reduction. As you know, we reduced it by a third, by a law sanctioned on January 8th, 1894.

It is to be hoped that with wise administration, it will be possible to still further lighten it in the reasonably early future.

Although, for the reasons already given, we have been unable to conform as much as we would have liked to, to the opinion of Leroy-Beaulieu, I will continue to quote him :

" Thus, in principle, the duties on registration and stamps justify themselves, when they are light, in a most indisputable manner. They are also recommended by practical considerations. They afford a means of collecting large sums of money at little cost and often without irritating the taxpayer. In all civilized countries, the product of registration and stamp dues forms one of the principal resources of the Budget.

" But in the registration and stamp duties there is more service rendered in exchange for the tax is in this case more real and more evident. These duties, in fact, have a character of social interest. The State, by registering acts and keeping the registers in which they are inscribed, preserves a record of the tenor of the transactions, and assures their easy proof, if the original acts should be lost. These transactions thus have a certain date, a character of incontestable authenticity, and that publicity which is in many cases necessary and almost always useful. It is a fact beyond denial that transactions are infinitely easier and more secure in a country which has a registration service than in those which have none. The registers make searches for property more quickly satisfied, and contestations less numerous. They serve literally towards contracting parties and their representatives as an insurance. In these cases the sum paid to the State is not only a tax, it is a remuneration regularly due. Still it would be only right that this remuneration be not exaggerated, and no one can deny that generally in France it is not."

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### THE SUCCESSION TAX.

As to the duties on successions they are found in nearly all countries. Our neighbors of Ontario had recourse to them before us, although their finances were less burdened than our's. Of all the taxes levied this one has been the least criticised. Here is what the author, already cited, says of it :

" Let us examine one by one some of the principal registration taxes. One of the most important and most legitimate, if kept within proper limits, is that concerning donations between living persons, or successions. This tax has existed for all time and in all countries, although sometimes successions in a direct line have been exempted."

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### REDUCTION.

After having reduced by one-third the duties upon transfers of property in 1894, we hastened to suppress the licenses on manufactures and commerce and the direct taxes upon certain persons. Our adversaries, let me say, did not receive this law as they should. They took advantage of it to attempt to make those who were not affected by these licences and taxes

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believe that their suppression was an injustice to them. There would be some reason in their language if other classes of persons remained taxed but this is not the case. Manufactures, commerce, the liberal professions and the other occupations mentioned in the law of 1892 alone were taxed. They might have complained that all individuals and branches of business were not equally subject to the tax. In freeing them from it we have only put them on the same footing as the others.

Will any one pretend that the tax upon transfers of property and upon successions does not equally touch all classes of society? This manifestly would be an error.

Telling the rural population that it is ill-treated by the Government while that of the cities is spared is an old trick of the Liberals. The official statistics however show the contrary to be the case.

If our opponents were willing to take the responsibility of expressing an opinion they would say perhaps that we should make a slight reduction on all the taxes and suppress none completely.

The policy which we have adopted is in keeping with the principle preached by celebrated economists. The one already quoted says:

“When a State has an excess of receipts over expenditure and wishes to remit a part of the tax-payers' public charges it may be asked whether it is better to completely suppress one tax than to reduce a great number. Governments and Parliaments generally incline towards the latter solution of the difficulty, because, being solicited by so many and such diverse interests, they wish to content the greatest possible number. That might be a good piece of parliamentary policy, but financially and economically it is unwise. Experience proves that slight reductions of taxes only very moderately benefit the tax-payer.”

It will be seen that we are in good company.

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## ARRANGEMENTS WITH THE CANADIAN PACIFIC RAILWAY.

When the Government sold the Q. M. O. & O. Railway, commonly called the North Shore, it was agreed that the purchasers should have at any time the right of paying the price of sale. During the same session a law was passed specially devoting the price of sale to the payment of the loans of 1874, 1876 and 1878. The purchasers were to pay five per cent interest. Since then the rate of interest has gradually lowered on the money market. At different times the Canadian Pacific Railway intimated its intention of paying to the Government the \$7,000,000 which it owed. It was to its interest to do so the moment it could get interest at less than five per cent. On June 19th, 1894, the company gave notice that it would pay up in six months. We found ourselves in a position involving no little anxiety, being exposed to receive so large a sum without having the right to employ it except to meet loans falling due only in 1904, 1906 and 1908. We

could not think of redeeming these obligations before they fall due. They were quoted at a premium, and those who held them would not have failed to be exacting when they found themselves masters of the situation.

I knew that North American railway shares were generally low and that the Canadian Pacific was not without suffering therefrom. But this might be only a passing depression. Moreover the C. P. R. Company, if it wished to borrow \$7,000,000.00 to pay us, could do so more easily than if it was a question of increasing the debt, the more so that it would give those who lent the money first class security, that is to say, the vendor's privilege upon the North Shore Railway. Under the circumstances we thought that it would be quite justifiable on our part to consent to a reduction of the rate of interest on the price of sale, on condition that the company should make its payments correspond with the maturing of the loans. The company first offered four per cent, but I did not see fit to accept. It then again gave notice of payment. We afterwards agreed that the interest should remain at five per cent for one year, being afterwards reduced to four per cent, the difference between the two rates being spread over all the time from the date of agreement till the payments should be due. In view of the expenses which we were forced to undergo, under the head of extraordinary public works, I asked that the payment of the month of August, 1895, be made at the rate of five per cent, and that the \$35,000.00 difference of interest for six other months be spread over the rest of the time. This proposition was accepted and this is why the company pays us interest at the rate of four and one-twentieth per cent. The annual interest is reduced then by \$66,500.00. This is a disadvantage for us, but in return we are no longer exposed to receiving \$7,000,000.00 at a time when we could not advantageously employ it. The company is to pay us according as we need the money to meet our loans.

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### HOW TO ESTABLISH AN EQUILIBRIUM.

In future our annual receipts will be diminished by the loss of \$66,500.00 on the interest which the Canadian Pacific pays us. In 1894-95 the licenses on manufactures and commerce brought us \$121,932.96, and the direct taxes on certain persons \$17,059.29. Here then is \$205,492.25 in all which we received last year but will not receive after the current fiscal year.

How shall we meet the difficulty ?

Out of the \$10,000,000.00 loan voted in 1890, three millions yet remain to be borrowed. We will reimburse by means of this loan what remains due on the capitals of railway guarantee deposits. This is only reasonable. When the Mercier Government used these deposits they were borrowing. Why should we reimburse this loan out of the annual revenue if we can avoid doing so ? Why should we place upon the present generation all the burden of a debt contracted for enterprises which will benefit future generations ? By the plan proposed, this debt will be added to the funded debt, and we will only pay the interest instead of paying the principal such as \$276,522.46, \$287,700.98, etc.

These sums only represent the capital. The interest is included in the amount paid as interest on the public debt. For the current year the amount is \$36,971.04. It forms part of the ordinary expenditure.

I may add that these guarantee deposits are included in the floating debt which according to the law of 1890, should be wiped out by the loan.

Here is what we will have to pay after the current year :

1896-97.....	\$276,522 46
1897-98.....	287,700 98
1898-99.....	124,807 51
1899-1900.....	33,071 22

	\$722,102 17
Remaining in Bank.....	124,626 47

\$597,475 70 •

If any one asks why the present Government did not propose earlier to take from the loan voted in 1890 the sums required to pay for the cost of the extraordinary and public works and to reimburse the guarantee deposits, I reply that the ten millions would not have been sufficient, and that we must not think of voting a new loan. We could not do otherwise than take out of the ordinary revenue the means to meet the extraordinary expenditure.

To-day, our position is different. The railway subsidies have been reduced and will probably be even further reduced. Only a comparatively moderate sum remains to be paid for extraordinary public works, and the debt on guarantee deposits has been diminished.

What more is necessary to have equilibrium in the finances ?

In the first place, we must not undertake extraordinary public works whose cost cannot be paid out of the ordinary revenue, without urgent necessity.

We must not grant new subsidies for railway enterprises.

We must not revive subsidies which are defunct, and we must refuse, as far as the public interest will permit, be it well understood, to transfer subsidies already voted, from one enterprise to another.

The policy which the Government finds itself compelled to follow does not only mean that we must not increase the public debt, and reduce it each time the occasion presents itself, but it also means that it will be necessary to practice the most rigid economy.

In 1892 and following years we economized according to certain rules which we made to govern ourselves by. Shortly afterwards we were asked to replace in the estimates grants which had been suppressed. We could not do so. We could not moreover place in them similar grants to those which had been suppressed, and we only fill vacancies in the Civil Service when necessary.



In order to condemn this policy you would have to be in a position to say that the people would consent to be taxed to aid enterprises, or to keep up expenses which are not absolutely necessary. Who would dare to make such a statement ?

Happily we have the means of developing the resources with which Providence has favored our country. Agriculture, colonization, mining, manufactures, commerce can prosper if we only add a little of the energy which characterized our predecessors to the experience which we have, to facility of communication, and to all those other advantages which we have procured during the last few years.

### LOANS.

It is known that in 1890 the Mercier Government obtained the necessary authority to borrow \$10,000,000.00, in order to meet the floating debt, and the existing claims as well as the railway subsidies and the additional debt likely to result from different projects. In 1891 it negotiated a loan of \$4,000,000.00 on the Parisian money market. The circumstances were not favorable and the Government had to confine itself to temporary arrangements. The loan was therefore made for two years. In 1893 we had to meet the loan but our credit had been impaired, principally since 1891. A most serious crisis had just declared itself in the Australasian Colonies. To state that we were again obliged to return to the Paris money market only a few days before the 1891 loan fell due is to say that we were at the mercy of our creditors. In our difficulty we also confined ourselves to temporary arrangements for a new term of two years. The conditions imposed upon us were onerous, but it would be unjust to hold us responsible for them.

In the early part of March, 1894, we negotiated a loan of \$3,000,000.00, in virtue of the law of 1891, upon the English money market, but could only get 94 for four per cent debentures. Again we suffered from difficulties left us by our predecessors.

Is it to be wondered at that we could only get 94 in London when the Bank of Montreal was not even disposed to give us 93.

The agreement which we made with the capitalists of Paris, obliged us to prepare for the end of December, 1894, the means of meeting this loan. Remembering our anxiety in 1893 we decided to enter upon the negotiations for this end as soon as the loan of \$3,000,000.00 made in the winter of 1894 should be completed.

Our credit gradually improved, but there was still too much prejudice against the Province, and there was moreover a combination of circumstances which were altogether unfavourable to us. The arrangements which I made

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were as favourable as could be desired in the months of July and August, when the conditions of the loan were agreed upon.

Since that time our position has very much improved; to such an extent indeed that in the month of May last we were able to float a temporary loan of a million and a half of dollars, for one year, at a little under three and three-quarters per cent.

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### BEAUPORT ASYLUM.

More than half a century ago, citizens who may well claim the title of philanthropists, established at Beauport an asylum consecrated to the care of the insane. The Government, which was not itself ready to found such an establishment, encouraged the promoters in their enterprise. It made certain arrangements with them which have been periodically renewed. For a long time past, the contracts between the Government and the proprietors of Beauport Asylum have provoked violent criticism, both within and without the Legislature. It was known that if the Government confided the care of this class of unfortunates to a religious community, it would improve their condition, while making a considerable economy. But the difficulty came from the moral obligations, so to say, that the Government had contracted towards those who had founded and maintained this establishment. They had invested in it all their fortune. From the moment that it ceased to be employed for its original purpose, it would become valueless. It was incumbent then upon the Government, in making arrangements with a religious community, to protect the proprietors from ruin. The task was a delicate one, and it was easy to foresee that the adversaries of the Administration would seize the opportunity to attack it. The former proprietors sold their establishment to the Grey Nuns of Quebec. The Government intervened in the contract and assumed certain responsibilities toward both vendors and purchasers. Certainly, however, these responsibilities involve no danger for the Government. Thanks to these arrangements, the reduction in the cost of this service may be estimated at \$30,000 a year, for the Government paid to the old proprietors \$132 per head for the care of the insane, while to the new ones it pays but \$100. The average number of patients is a thousand.

The asylum is maintained in a manner thoroughly satisfactory. I may even say that its management is admirable. So that, while spending much less upon this service, than formerly, the Government has improved, in a most marked manner, the condition of those whom duty requires them to protect.

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### CONCLUSION.

I have directed the attention of the House to the task which we had to accomplish when we assumed the administration of public affairs. I have indicated several of the matters that we have had to settle, and I have recalled

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the manner in which we have settled them. There remains only the question of the Arbitration, to which I have already made a reference. It will be admitted that we have not remained idle and that we have arrived at the best possible results from a situation so encompassed with difficulties. If we had placed our personal interest, the success of our party, a regard for our popularity, above the public interest, we would in more than one instance have followed a different line of conduct from that which we have adopted. The same principle will guide us in the future. We have carefully studied the situation and the wants of our Province. We know them and will fulfill our duty as we understand it ; and if the people, when they will be called upon to judge us, declare themselves satisfied with our work, we shall take advantage of it to still further develop our policy. If, on the contrary, the people condemn us, I am convinced that they will suffer by it more than we shall ; for there are but two political parties in this Province, that which has created disorder in our finances and that which has restored them. For our part, sustained by the testimony of a good conscience, we could easily support ourselves even under so unjust and so uncalled for a condemnation.

## STATEMENT A

Year.	Payments.	Receipts.	Deficit.
1889-90.....	\$4,969,489.68	\$3,588,920.50	\$1,380,569.18
1890-91.....	5,195,049.43	3,750,813.34	1,444,236.09
1891-92.....	5,236,768.62	3,494,117.60	1,742,651.02
1892-93.....	4,492,106.21	4,467,278.51	24,828.00
1893-94.....	4,550,628.50	4,320,427.22	230,202.28
1894-95.....	4,506,633.31	4,343,971.35	162,661.66

In this table the receipts of 1890-91 include the sum of \$278,520.00 of railway guarantee deposits. Without that, the deficit would have been \$1,722,756.09.

The amounts included in receipts, coming from new sources of revenue created in 1892, are as follows :

1892-93.....	\$493,591 75
1893-94.....	518,406 11
1894-95.....	487,398 45

## STATEMENT B

1889-90.

## PAYMENTS:

Ordinary Expenditure, (including \$62,133.95 for Bonds of Loan, 1880, redeemed).....	\$3,881,672 95	
Special Expenditure.....	818,583 51	
Advances and Payments of Trust Funds.....	14,163 98	
Repayment—Railway Guarantee De- posits.....	255,069 24	
	<u>                    </u>	\$4,969,489 68

## RECEIPTS:

Ordinary Revenue.....	\$3,540,607 07	
Receipts from sale of pro- perty.....	\$30,000 00	
Trust Funds, Deposits and Receipts on advances...	18,313 43	
	<u>                    </u>	48,313 43
		<u>                    </u>
		3,588,920 50
Deficit.....		<u><u>\$1,380,569 18</u></u>

1890-91

## PAYMENTS:

Ordinary Expenditure (including \$64,970 for Bonds of Loan of 1880, redeemed).....	\$4,095,520 45	
Special Expenditure.....	820,254 15	
Repayment—Railway Guarantee De- posits.....	222,097 41	
Advances and Payments of Trust Funds.....	57,177 42	
	<u>                    </u>	5,195,049 43

## RECEIPTS:

Ordinary Revenue.....	\$3,457,144 32	
Trust Funds, Deposits and Receipts on advances...	15,149 02	
Railway Guarantee De- posits.....	278,520 00	
	<u>                    </u>	293,669 02
		<u>                    </u>
		3,750,813 34
Deficit.....		<u><u>\$1,444,236 09</u></u>

		<b>1891-92.</b>	
<b>PAYMENTS :</b>			
Ordinary Expenditure (including \$68,- 121.16 for Bonds of Loan of 1880, redeemed).....		\$4,446,639	60
Special Expenditure.....		551,041	88
Payments of Trust Funds.....		8,017	00
Repayment—Railway Guarantee De- posits.....		231,070	14
		<u>5,236,768</u>	<u>62</u>

<b>RECEIPTS :</b>			
Ordinary Revenue.....		\$3,458,403	85
Trust Funds, Deposits and Receipts on Advances.....		19,723	87
Refunds on Special Expenditure.....		8,870	38
Tax on Railway Subsidies.....		7,119	50
		<u>3,494,117</u>	<u>60</u>
Deficit.....		<u>\$1,742,651</u>	<u>02</u>

		<b>1892-93.</b>	
<b>PAYMENTS :</b>			
Ordinary Expenditure (including \$71,053.33 for Bonds of Loan of 1880, redeemed).....		\$3,952,258	75
Extraordinary Expenditure (Public Buildings).....		238,264	10
Payments on Trust Deposits.....		13,147	08
Loans to Sufferers by Wind Storms.....		48,030	89
Repayment—Railway Guarantee Deposits.....		240,405	39
		<u>\$4,492,106</u>	<u>21</u>

<b>RECEIPTS :</b>			
Ordinary Revenue.....	\$3,891,062		73
do New Taxes...	493,591		75
		<u>\$4,384,654</u>	<u>48</u>
Receipts from Sales of Property.....	7,116		00
Trust Fund Deposits...	15,770		37
Receipts on Advances..	50,000		00
Tax on Railway Sub- sidies.....	9,737		36
		<u>82,623</u>	<u>73</u>
		<u>4,467,278</u>	<u>21</u>
Deficit.....		<u>\$24,828</u>	<u>00</u>

**1893-94.****PAYMENTS :**

Ordinary Expenditure (including \$73,973.33 for Bonds of Loan of 1880, redeemed).....	\$3,876,990 83
Extraordinary Expenditure (Public Buildings).....	390,955 24
Payments on Trust Deposits.....	13,081 78
Loan—Sisters of Charity, Beauport Asylum.....	19,395 60
Repayment—Railway Guarantee Deposits.....	250,117 25
Costs of Collection Tax on Railway Subsidies.....	88 80

**RECEIPTS :**

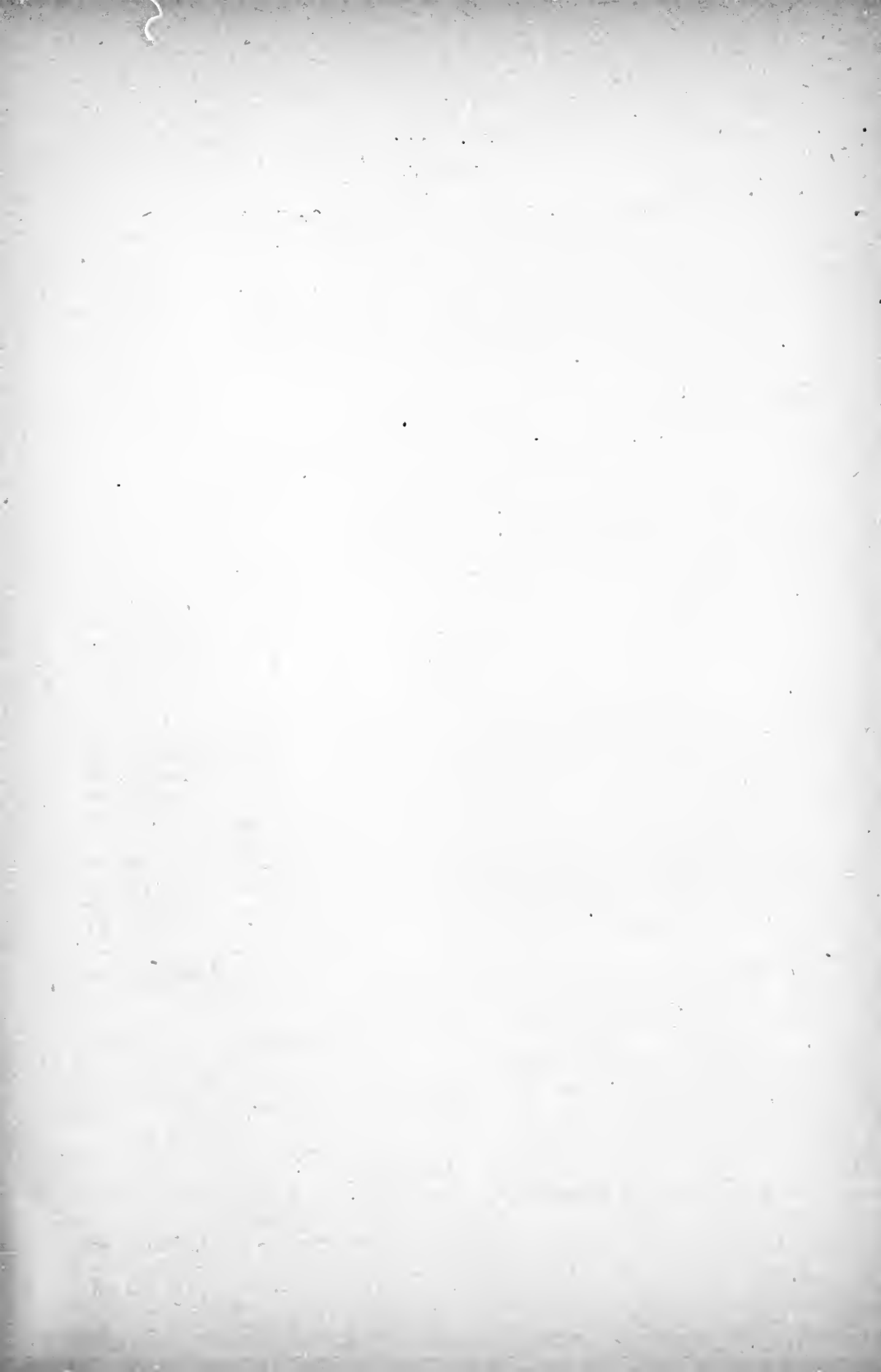
Ordinary Revenue.....	\$3,740,322 45		
do New Taxes.....	518,406 11		
		—————	\$4,258,728 56
Receipts from Sales of Property.....	1,805 05		
Trust Fund Deposits.....	10,161 13		
Tax on Railway Subsidies ..	49,732 48		
		—————	61,698 66
			—————
			4,320,427 22
Deficit.....			—————
			\$250,202 28

**1894-95.****PAYMENTS :**

Ordinary Expenditure (including \$77,866.66 for Bonds of Loan of 1880, redeemed).....	\$4,043,228 43
Extraordinary Expenditure (Public Buildings).....	146,756 60
Expenses <i>in re</i> sale of Château Ramezay Property .....	5,742 41
Payments on Trust Deposits.....	17,390 26
Special Deposit <i>in re</i> Confirmation of Title to Property Q. M. O. & O. Railway.....	5,550 00
Loan—Sisters of Charity, Beauport Asylum.....	25,000 00
Repayment—Railway Guarantee Deposits.....	260,223 01
Costs of Collection Tax on Railway Subsidies.....	2,742 60

**RECEIPTS :**

Ordinary Revenue.....	\$3,734,289 39		
do New Taxes.....	487,398 45		
		—————	4,221,687 84
Receipts from Sales of Property Château Ramezay .....	100,340 28		
Trust Fund Deposits.....	10,048 85		
Return of Deposit <i>in re</i> Confirmation of Title to Property Q. M. O. & O. Ry. ....	5,550 00		
Tax on Railway Subsidies...	6,344 68		
		—————	122,283 81
			—————
			4,343,971 65
Deficit.....			—————
			\$162,661 66





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# MEMORANDUM

By the Assistant-Provincial Treasurer, Quebec, respecting the Arbitration for the settlement of accounts between the Dominion of Canada and the late Province of Canada, now represented by Ontario and Quebec, and between the said two Provinces, prepared at the request of the Honorable the Provincial Treasurer.

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MEMORANDUM, by the Assistant-Provincial Treasurer, Quebec, respecting the Arbitration for the settlement of accounts between the Dominion of Canada and the late Province of Canada, now represented by Ontario and Quebec, and between the said two Provinces.

At Confederation, under the provisions of the British North America Act, all stocks, cash, bankers' balances and securities belonging to each of the existing Provinces became the property of the Dominion of Canada, and the Dominion became liable for the debts and liabilities of each Province; but Ontario and Quebec conjointly were made liable to the Dominion for the amount by which the debt of the late Province of Canada exceeded at the Union, \$62,500,000.00, and were to be charged interest at the rate of five per cent thereon, which interest the Dominion was to deduct each six months from the subsidies payable to the Provinces under the Act.

Certain assets enumerated in the fourth schedule of the Act, were declared to be the property of Ontario and Quebec conjointly. The division of the debts, credits, liabilities, properties and assets of Upper and Lower Canada was to be referred to three Arbitrators, one chosen by Ontario, one by Quebec, and one by the Dominion, the last not to be a resident either in Ontario or Quebec.

Statements of the liabilities and assets of the late Province of Canada, as at that time ascertained, prepared in conformity with certain principles established and with the conclusions arrived at in a Conference of members of the three Governments, held at Montreal in July, 1869, and approved by an Order of the Privy Council of Canada of the 17th August, 1869, were submitted to the three Arbitrators appointed in accordance with the provisions of the said Act.

These Arbitrators met first in August, 1869, and after numerous sessions and hearings of Counsel, a judgment was rendered by the Arbitrators appointed by the Dominion and Ontario, on the 28th May, 1870, establishing the principles on which the surplus debt and the joint assets should be divided. The Arbitrator appointed by Quebec dissented from the judgment, and on the 9th July, 1870, withdrew from the Arbitration and resigned his position as Arbitrator, his reason being that he considered this judgment erroneous and unjust. The remaining two Arbitrators made their final award on the 3rd September, 1870, notwithstanding a protest against their proceeding by the Government of Quebec, and adjudged that of the excess of debt of the Province of Canada, over \$62,500,000.00, Ontario should assume and pay such a proportion as \$9,808,728.02 bears to \$18,587,520.57 and Quebec should assume and pay such a proportion as \$8,778,792.55

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bears to \$18,587,520.57. This is approximately five-ninths for Ontario and four-ninths for Quebec. They also divided and apportioned the assets and special and trust funds which were the property of Ontario and Quebec conjointly. The Quebec Government protested against the award, and nothing was done respecting a settlement for some years. Later on correspondence was exchanged between the Governments of Ontario and Quebec, and a special case was prepared and submitted in 1878 to the Law Lords of the Privy Council in England, who decided that the Arbitrator appointed by Quebec had not the right to resign nor the Quebec Government the right to revoke his appointment, that the remaining two Arbitrators could legally proceed, hear the case and make a final award, and that the award of the 3rd September, 1870, is valid as regards any objection in the special case, save as affected by the Dominion Act therein set forth.

All the books and papers of the late Province of Canada remained in the possession of the Dominion Government, which, after Confederation, made payments and collected moneys in connection with the affairs of the late Province, and charged or credited these and other items to the account of the same, without the concurrence of the two Provinces to such charges or credits. Consequently, at the beginning of the year 1873, the excess of debt of the late Province of Canada, for which Ontario and Quebec were jointly liable, amounted, according to the account of the Dominion, to \$10,506,088.84.

In 1873 an Act was passed by the Dominion to readjust the amounts payable to and chargeable against the several Provinces of Canada by the Dominion Government so far as they depend upon the debt with which they respectively entered the Union.

By this Act, the \$62,500,000.00 of the debt of the late Province of Canada, which under the British North America Act was assumed by the Dominion at Confederation, was increased to \$73,006,088.84, and the amount of the debts of the other Provinces assumed by the Dominion were correspondingly increased.

Besides the account of the late Province of Canada, there were the individual accounts of each of the Provinces of Ontario and Quebec with the Dominion, comprising the subsidies payable half-yearly under the B. N. A. Act, the Trust and Special Funds and the interest thereon, also the payments by the Dominion on account of the same and the proportion of interest on the excess of debt chargeable to each Province. Moreover, as the Provinces had not at Confederation fully organized their Departments, the Dominion acted for them during the first year, making payments on account of the various services and collections on account of their revenues, and charging or crediting such payments and receipts.

The first statements of accounts were sent by the Dominion to the Provinces in September, 1877. These were incomplete. The Province of Quebec account shewed an apparent credit balance of \$1,347,915.00, but the account was misleading, as it did not include the interest on the excess of

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debt. It was on account of this apparent balance that Quebec obtained payments of \$500,000.00 and \$125,000.00 in 1878 and 1879 respectively, although the Dominion called attention to the fact that the balance was subject to revision.

After the decision of the Privy Council, in 1878, respecting the award of 1870, correspondence was carried on from time to time with a view to getting a meeting for the adjustment of the accounts, but nothing was done until November 1882, when the Treasurers of Ontario and Quebec met at Ottawa, and submitted a Memorandum to the Minister of Finance, requesting that a statement of accounts between the Dominion and the Provinces should be prepared, and indicating the form in which they were of opinion that the accounts should be stated, with the balances struck yearly and interest allowed or charged half-yearly.

The Dominion Government in consequence had the accounts of the Dominion with the late Province of Canada, and with each of the Provinces to the 30th June, 1882, prepared, and they were submitted to Parliament at its next session. By these accounts, which were brought down to 1st July, 1882, the Province of Quebec appeared as owing an amount of \$889,551.21 after crediting the account with over \$600,000.00 of Funds held by the Dominion, which had not been included in the accounts of 1877.

The Provinces refused to accept these accounts as correct, and contended that proper effect had not been given to the operation of the Act of 1873, under which they claimed that the \$10,506,088.84 additional debt assumed by the Dominion should have been credited at Confederation instead of at the date of the Act of 1873, and that the amounts charged for interest on the excess of debt and retained from the subsidies between 1867 and 1873 should be reduced accordingly. They also objected to some important charges in the accounts, notably the arrears and capitalization of increased annuities to the Indians from whose tribes large territories had been obtained under treaties.

In April, 1884, an Act was passed by the Dominion to readjust the yearly subsidies allowed to the several Provinces of the Dominion.

By the terms of this Act, the total amount of the half-yearly payments which would have been made on account of the subsidies of Ontario and Quebec jointly, if the \$10,506,088 84 above mentioned had been assumed as at 1st July 1867, together with interest thereon, were capitalized at an amount of \$5,397,503.13, and the yearly subsidies of Ontario and Quebec jointly were increased by a sum equal to five per cent on such capitalized amount. The subsidies of all the other Provinces were increased in like proportion by this Act.

In October, 1884, meetings were held in Ottawa, at which the forms of the accounts, the question of interest on the excess of debt of the late Province of Canada, the claim against the Provinces for the increased

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Indian annuities and various other items were discussed, and as a result a recast was made of the accounts, and delivered in January, 1886. In these accounts the principal of the Special and Trust Funds and the capital of the amount mentioned in the Act of 1884, on which the increased subsidy was based, were credited, and as Quebec's proportion of the latter was \$2,549,213.61, the credit balance in the Quebec account was \$1,861,594.44, but, as the Indian claims had been transferred to a Suspense account, Quebec stood debited in that account with \$409,091.12.

In June, 1888, in consequence of representations by the Treasurers, another recast of the accounts was made, in which the \$10,506,088.84, assumed by the Dominion in 1873, was credited as at the date of 1st July, 1867, thus doing away with any interest on the excess of debt, and also in effect annulling the provisions of the Act of 1884 as regarded the increase of the yearly subsidies. In this recast the Province of Quebec account showed a credit balance at June 30th, 1888, of \$1,074,400.35, which included the principal of all the Special and Trust Funds amounting to \$613,907.00.

In October, 1888, the representatives of the Dominion and the Provinces met at Ottawa, and agreed upon the principles on which the accounts were to be finally prepared, with the exception of the question of interest on the individual accounts of the Provinces, the latter claiming compound interest. A large number of the items of the accounts were gone over and admitted or reserved for proof, and it looked as if a settlement might be arrived at, but, on the third day, the Dominion Government refused to allow compound interest on the Province accounts, and the representatives of the Provinces decided to go no further in the settlement.

A lengthy correspondence resulted and, in December, 1889, the Provinces offered as a reasonable compromise, that instead of compound interest on the yearly debit and credit balances of the Province accounts, the half-yearly interest on the Trust Funds belonging to the Provinces, held by the Dominion, should be placed to the credit of the accounts at the end of each half-year, and simple interest at five per cent be then computed on all the items debit and credit, and that if the Dominion would not accept this proposal, that the question of interest on these accounts should be left to Arbitration.

In June, 1890, the Dominion Government refused to accept these proposals, and stated that it seemed preferable that the questions should be submitted to the adjudication of the ordinary tribunals.

It will be seen from the foregoing that these accounts had been stated in four different forms, based upon different applications of the three Acts, that items both credit and debit were not ranged under the same accounts or were excluded from one set of accounts and included in another set. In two of these interest was compounded, in one simple interest was calculated, and in one there were no interest computations. There were differences of

opinion respecting the items making up the debt of the late Province of Canada as presented in the Dominion accounts, respecting the rate of interest and the method of computing it both on the accounts and the Special and Trust Funds held by the Dominion, and respecting the effect of the British North America Act and the Acts of 1873 and 1884. There were also serious differences of opinion respecting certain charges entered against the respective Provinces and also respecting the proportional obligations or rights of Ontario and Quebec in regard of claims against or properties belonging to the old Province.

In November, 1890, at a Conference of representatives of the Governments of the Dominion, of Ontario and of Quebec, held at Toronto, it was proposed that all questions arising out of, or incident to the accounts, should be referred to Arbitrators. A Memorandum was then prepared and signed, containing the terms and conditions of the proposed Arbitration, which was subsequently approved of by Orders in Council of each Government, and at the succeeding sessions of each of the three Legislatures, an Act, identical in terms, was passed, providing for the appointment of Arbitrators and the reference to them of such questions as the three Governments should mutually agree to submit; but from various causes the nominations were not finally confirmed until December, 1892. The Arbitrators appointed and who are now acting are, for the Dominion, the Honorable G. W. Burbidge, Judge of the Exchequer Court of the Dominion; for Ontario, the Honorable John A. Boyd, Chancellor of the Chancery Division of the High Court of Justice for Ontario, and for Quebec, the Honorable Sir Louis Napoléon Casault, Chief Justice of the Superior Court, Quebec.

The first meeting of the Arbitrators was held in Ottawa, on the 17th March, 1893, for organization and for determining the course of procedure to be adopted, Mr. D. Girouard, Q.C., and the Hon. J. S. Hall, Q.C., then Provincial Treasurer, appeared as Counsel for Quebec.

The first Agreement of Submission was made on the 10th April, 1893, recommended by Messrs. W. D. Hogg, Q.C., Counsel for the Dominion; Aemilius Irving, Q.C., Counsel for Ontario, and D. Girouard, Q. C., Counsel for Quebec, and was approved by Orders in Council of the three Governments. By it the following questions were referred to the Arbitrators for determination and award:

1. All questions relating to or incident to the accounts between the Dominion and the Provinces of Ontario and Quebec, and to accounts between the two Provinces of Ontario and Quebec.
2. The accounts are understood to include the following particulars:
  - (a) The accounts as rendered by the Dominion to the Provinces up to January, 1889;
  - (b) In the unsettled accounts between the Dominion and the two Provinces, the rate of interest and the mode of computation of interest to be determined;

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(c) The accounts, as rendered by the Dominion to the two Provinces up to January, 1889, to be determined upon ;

(d) The claims made by the Dominion Government on behalf of Indians, and payments made by that Government to Indians to form part of the reference ;

(e) The Arbitrators to apportion the liability of Ontario and Quebec, as to any claim allowed the Dominion Government, and to apportion between Ontario and Quebec any amount found to be payable by the said Government ;

(f) All other matters of account (1) between the Dominion and the two Provinces, (2) between the Dominion and either of the two Provinces, and (3) between the two Provinces ;

3. It is further agreed that the following matters shall be referred to the said Arbitrators for their determination and award, in accordance with the provisions of the said statutes, namely :

(g) The rate of interest, if any, to be allowed in the accounts between the two Provinces, and also whether such interest shall be compounded, and in what manner ;

(h) The ascertainment and determination of the amount of the principal of the Common School Fund, the rate of interest which should be allowed on such Fund, and the method of computation of such interest ;

(i) In the ascertainment of the amount of the principal of the said Common School Fund, the Arbitrators are to take into consideration, not only the sum now held by the Government of the Dominion of Canada, but also the amount for which Ontario is liable, and also the value of the school lands which have not yet been sold.

4. All the accounts referred to in this agreement shall be brought down and extended to the thirty-first day of December, eighteen hundred and ninety-two, inclusive ;

5. It is further agreed by and between the parties hereto, that the questions respecting the Upper Canada Building Fund, and the Upper Canada Improvement Fund, are not at present to form any part of this reference ; but this agreement is subject to the reservation by Ontario of any of its rights to maintain and recover its claims, if any, in respect of the said Funds, as it may be advised ;

6. It is further agreed between the parties hereto, that this agreement shall only have force and effect when and as soon as the same is adopted by Order in Council of the Dominion Government, and of the Governments of the respective Provinces ;

7. It is further agreed that nothing herein contained is to limit or preclude the parties to this reference submitting such further and other questions or matters to the said Arbitrators as may be mutually agreed upon between the parties hereto.



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## THE INTEREST QUESTION.

The first question that was brought before the Arbitrators in connection with the accounts was the Interest question. This involved the matters of the excess of debt and the interest thereon as affected by the British North America Act, and the Acts of 1873 and 1884, the rate of interest to be allowed on the unsettled accounts and the mode of computation, the treatment of the "trust" and "special" funds and the interest on them.

As the accounts of 1882, 1885 and 1888 were all made up with interest, either simple or compound, it was decided at the first meeting that the Dominion should recast the accounts without interest, that they should include the half-yearly subsidies and interest on the excess of debt, but should not include the principal of the "trust" funds. The Indian claims not to be included in the accounts.

Thus a fifth set of statements of accounts were made, and according to these the balance against the Province of Quebec, on the 1st January, 1893, was \$1,198,841.64, without interest.

The claims of the Provinces were that the accounts should be made up with half-yearly balances, the interest to be calculated half-yearly on the rests of the previous half-year; that the interest on the Trust Funds should be credited half-yearly in the accounts; that interest should be charged against the Dominion for any delay in paying the subsidies on the day when due; that interest should be credited to the Provinces on the deductions from their subsidies between 1867 and 1873, for the periods when the payments on account of subsidies were less than the amounts then due, which had not been allowed for in the Act of 1884; that when sums were paid the Provinces, the amount should be applied primarily in reduction of current interest, and Quebec claimed that no interest should be charged by the Dominion on the payments of \$500,000.00 and \$125,000.00 in 1878 and 1879, respectively.

It is not possible, in a reasonable space, to give any synopsis of the arguments. They and the evidence occupy more than one thousand pages of the record of proceedings.

The first award of the Arbitrators on this question was made on the 2nd November, 1893, and is as follows:

### AWARD.

1. That from the 1st of July, 1867, to the passing of the Act of the Parliament of Canada, 36 Victoria, chapter 30, the Provinces of Ontario and Quebec shall be credited with subsidy half-yearly in advance, deducting therefrom at the end of each half year their respective shares of interest, as determined by the award of September 3rd, 1870, at the rate of five per centum per annum, on the excess of debt of the Province of Canada, over

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\$62,500,000.00, as actually ascertained in amount at each period, the first of such deductions to be made on the first day of January, 1868, and the others on the first day of July and January thereafter, down to and including the first day of January, 1873

2. That in the Province of Canada account, there shall be credited on the 23rd day of May, 1873, the sum of \$10,506,088.84, remitted by the said Act, and thereafter the subsidy shall be credited in the separate accounts of Ontario and Quebec without any such deduction.

3. That on and from the 1st of July, 1884, the Provinces of Ontario and Quebec shall be credited with the additional subsidy granted by the Act 47 Victoria, chapter 4, in the proportion determined for the excess of debt by the award hereinbefore mentioned.

4. That each Province shall be credited as of the 1st of July, 1867, with its share of \$200,000.00 representing the purchase money of the library and other personal property mentioned in the fourteenth paragraph of the said award.

5. That the "trust funds" shall be treated as intact and unimpaired, and interest thereon at the rate of five per centum per annum, carried half-yearly into the separate accounts of Ontario and Quebec.

6. That the Province of Canada account shall be made up at simple interest at the rate of five per centum per annum, as has been agreed upon between the parties.

7. That in the separate accounts of Ontario and Quebec, the said Provinces shall respectively be allowed simple interest on any balance from time to time existing in their favor, at the rate of five per centum per annum, except where some other rate has been expressly agreed to.

8. That the question as to whether or not the Dominion shall be allowed simple interest at the rate of five per centum per annum on any balance that may from time to time be found to exist in its favor, in the separate accounts of Ontario and Quebec be reserved for further argument.

In respect of the matters mentioned in paragraphs 1, 2 and 3, we have proceeded upon our view of a disputed question of law.

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It will be noticed that under this award the principal of the Trust Funds, amounting to \$412,314.25, exclusive of the Common School Fund, is not to be credited to the Province in the statement of the accounts; but this will not prevent the same being paid to the Province after these accounts are determined.

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The question reserved in the foregoing award was argued before the Arbitrators at Ottawa on the 11th January, 1894, and their award was made on the 31st August, 1894, and is as follows :

#### AWARD.

1. That in respect of the separate accounts of both Provinces, the Dominion be allowed interest at five per centum per annum on all sums included in any balances in its favour that represent transfers from the Province of Canada account, or payments made by the Dominion under any liability of the Province of Canada to which it succeeded.

2. That in respect to the Quebec account, the Dominion be allowed interest at the rate of five per centum per annum on the two advances of \$500,000.00 and \$125,000.00, whenever it happens that there is a balance in favour of the Dominion of \$625,000.00 or more, and whenever such balance is less than \$625,000.00, then on such balance.

3. That in respect of the Ontario account, the Dominion be allowed interest at the rate of five per centum per annum on the \$936,729.33 transferred to the Common School Fund, and at the rate of four per centum on the \$500,000.00 advanced at four per cent, Dominion stock, whenever it happens that there is a balance in favour of the Dominion of \$1,436,729.33 or more, and whenever such balance is less than \$1,436,729.33, then interest shall be allowed to the Dominion at the rate of four per centum per annum on such balance to the amount of \$500,000.90, and at the rate of five per centum per annum on any sum in excess of the amount of \$500,000.00.

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The Dominion appealed to the Supreme Court against the first award ; but, after hearing argument on both sides, the matter was taken under advisement, and subsequently judgment was rendered confirming the award, one of the judges dissenting.

The principles on which the accounts are to be stated having thus been determined, the Arbitrators, on the 20th May, 1895, appointed the Hon. Mr. Ross, formerly Treasurer of Ontario, Mr. Machin, Assistant-Treasurer of Quebec, and Mr. Dickieson, the Chief Accountant of the Dominion, to examine and investigate the *items* comprised in the accounts rendered by the Dominion, to refer through Counsel to them such as they could not agree upon, and to state the accounts in accordance with these principles.

Almost at the outset of the work, Mr. Dickieson, on behalf of the Dominion, having contended that by the Act of 1873, the Provinces were debarred from examining the items of the Province of Canada account prior to the 1st January, 1873, the matter was referred to the Arbitrators, and argued by the Counsel on the 5th September, 1895, and the Arbitrators at the same session made their award maintaining the contention of the representatives of the Provinces.

Owing to the pressure of work in the Finance Department, considerable delay has occurred in this examination ; but, at the last meeting, in the beginning of this month, which lasted a week, and was adjourned owing to the meeting of the Arbitration in Quebec on the 12th instant, considerable progress was made. This work will, however, take some time, as the intelligent examination of the accounts, vouchers, Orders in Council and records of entries, for so large a number of transactions, extending over a period of twenty-eight years, is necessarily a considerable labour, and these records being filed away in different Departments of the Dominion, renders the production of them in many cases a difficult matter. It has also to be taken into consideration that these representatives cannot neglect the official duties of their own Departments, which, owing to the existing session at Quebec, and the approaching sessions at Ottawa and Toronto, have demanded constant attention for the last two months. It is expected, however, that the work will be resumed shortly and pushed to a completion.

### THE MONTREAL TURNPIKE TRUST.

Included in the account of the Province of Quebec were certain charges for the principal of, and interest on debentures of the Montreal Turnpike Trust, issued under Ordinances and Statutes of 1839, 1840 and 1845, amounting in all to \$324,668.00, after deduction of amounts received by the Dominion from the Trust.

At Confederation it was taken for granted that these debentures were guaranteed by the late Province of Canada and the Arbitrators of 1870, on that ground, made Quebec liable, in case of default by the Trust, for any payment of principal or interest the Dominion might be called on to make by reason of the supposed guarantee.

\$67,200.00 of the debentures were held by the Dominion as an investment for the Indian Fund, and \$120,000.00 were held by the Quebec Savings Bank, afterwards the Union Bank.

The Trust had failed to pay its interest on the \$67,200.00, since 1872 and on the \$120,000.00 since 1882.

The Dominion paid the interest on the \$120,000.00 half-yearly, and in June, 1889, paid the Union Bank the \$120,000.00, charging the payments to Quebec at the dates they were made. In June, 1889, the Quebec account was charged with \$67,200.00, and interest from 1872.

Quebec claimed that there was no guarantee by the late Province of Canada, that the award of 1870, in respect of these debentures, was *ultra vires*, and that all the items should be eliminated from the account.

The case was argued on the 12th January, 1894, and on the 31st August, 1894, the award of the Arbitrators was :

“ That all charges made in the accounts of the Dominion against the Province of Quebec, for principal or interest, on the Montreal Turnpike Trust Debentures, be eliminated from the same.”

As in the final settlement of the account, these items would have borne five per cent. interest, the relief to the Province is equal to fully \$400,000.00.

### THE INDIAN CLAIMS OF THE DOMINION AGAINST THE PROVINCES.

The most important of these claims is that on behalf of the Ojibeway Indians, who, in the year 1850, ceded very large territories on the Eastern and Northern shores of Lake Huron and on the Northern shore of Lake Superior, under what are known as the Robinson Treaties.

The cessions of territories were made in each case for a sum of money paid down, a fixed annuity to be paid in perpetuity, and a further condition that, “ should the territory ceded at any future period produce such an amount as will enable the Government of this Province, without incurring loss, to increase the annuity hereby secured to them, then and in that case the same shall be augmented from time to time; provided that the amount paid to each individual shall not exceed the sum of one pound Provincial currency, or such further sum as Her Majesty may be graciously pleased to order.” There is also a provision for reducing the annuities if the number of the Indians is diminished to less than two-thirds of their number at the time of the Treaties.

The claim of the Dominion is that the revenues obtained from the ceded territories, have entitled the tribes to the increased annuities since the date of the treaties;

That, up to Confederation, these tribes received \$1.60 per head yearly instead of the \$1.00 to which they were entitled, and that there is due by the late Province of Canada to these Indians the sum of \$325,000.00 for principal money and interest;

That, as these territories at Confederation passed into the hands of Ontario, subject to the trusts of the treaties and the interests of the Indians under section 109 of the British North America Act, and as the Dominion, administering under the said Act the Indian affairs, has paid between 1867 and 1875 \$1.60 per head yearly, and since 1875 the full sum of \$4.00 per head, there is due by the Province of Ontario \$95,200.00 to the Indians and \$389,106.00 to the Dominion at 31st December, 1892;

The Province of Quebec contended that the questions of fact respecting the amounts produced by the territories and the expenditures in respect of the same, the amount paid each year to each Indian, and the number or Indians each year entitled to the annuities, should be fully investigated before the Board could decide whether the increased annuities are war-

ranted, but urged that before adducing evidence certain questions of law should be determined. Among these questions are the following, viz. :

What is the definition of the word "Indian" within the meaning of these treaties, and what Indians are entitled to annuities and increase of annuities under these treaties ?

Whether all expenditures in connection with the territories (especially certain ones mentioned) can be charged against receipts.

Whether, as the administration of Indian affairs remained in the hands of the Imperial Government till 1860, the Province was bound to render account without demand ;

Whether interest could be charged on arrears of annuities so long as no demand or protest was made.

Whether the Dominion could increase the annuities without the consent of the Province or Provinces interested ;

Whether the capitalization of annuities at Confederation was not a finality as far as the Provinces were concerned.

Quebec also contended that in any case the increased annuities, if any should be allowed, are a trust on the lands, under the terms of section 109 of the B. N. A. Act, and that Ontario alone is responsible for them.

Ontario's contentions were similar to those of Quebec, except on the point of the increased annuities, if any, being a trust on the lands, and claimed (although the whole proceeds of sales and revenues of these territories since Confederation have gone into the hands of Ontario), that Quebec is liable for its share of any increased annuities, either before or subsequent to Confederation, which may be awarded to the Indians.

The award of the Arbitrators of the 13th February, 1895, is as follows :

#### AWARD.

In respect of the claim made by the Dominion of Canada against the Provinces of Ontario and Quebec in reference to the Indian claims arising under the Robinson Treaties :

1. That if in any year since the Treaties in question were entered into the territory thereby ceded produced an amount which would have enabled the Government, without incurring loss, to pay the increased annuities thereby secured to the Indian tribes mentioned therein, then such tribes were entitled to such increase not exceeding \$4 for each individual.

2. That the total amount of annuities to be paid under each Treaty is, in such case, to be ascertained by reference to the number of Indians from

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time to time belonging to the tribes entitled to the benefit of the Treaties. That is, that in case of an increase in the number of Indians beyond the numbers named in such Treaties, the annuities, if the revenues derived from the ceded territory permitted, without incurring loss, were to be equal to a sum that would provide \$4 for each Indian of the tribes entitled.

3. That any excess of revenue in any given year may not be used to give the increased annuity in a former year in which an increased annuity could not have been paid without loss, but that any such excess or balance of revenue over expenditure in hand at the commencement of any given year should be carried forward into the account of that year.

4. That any liability to pay the increased annuity in any year before the Union was a debt or liability which devolved upon Canada under the 111th section of the British North America Act, 1867, and that this is one of the matters to be taken into account in ascertaining the excess of debt for which Ontario and Quebec are conjointly liable to Canada under the 112th section of the Act; and that Ontario and Quebec have not, in respect of any such liability, been discharged by reason of the capitalization of the fixed annuities, or because of anything in the Act of 1873, 36 Victoria, chapter 30.

5. That interest is not recoverable upon any arrears of such annuities.

6. That the ceded territory mentioned became the property of Ontario, under 109th section of the British North America Act, 1867, subject to a trust to pay the increased annuities on the happening, after the Union, of the event on which such payment depended, and to the interest of the Indians therein to be so paid. That the ultimate burden of making provision for the payment of the increased annuities in question in such an event falls upon the Province of Ontario; and that this burden has not been in any way affected or discharged.

7. That interest is not recoverable on the arrears of such annuities accruing after the union, and not paid by the Dominion to the tribes or Indians entitled.

8. That in respect to the matters heretofore dealt with the Arbitrators have proceeded upon their view of disputed questions of law.

9. That, as respects the increased annuities which have been paid by the Dominion to the Indians since the union, any payments properly made are to be charged against the Province of Ontario in the Province of Ontario account as of the date of payment by the Dominion to the Indians, and so fall within and be affected by our previous ruling as to interest on that account.

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Against this award Ontario has appealed to the Supreme Court. The case was argued in the Supreme Court, on the 15th May, 1895, but judgment has not yet been rendered.

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Should the award be confirmed, this Province, although not relieved from its share of any liability which may be proved to have existed before Confederation, will probably not have to meet a heavy claim, as the revenues from the territories were not large during that period.

#### THE CLAIM ON BEHALF OF THE MISSISSAGUA INDIANS OF PORT CREDIT AND THE CLAIM ON BEHALF OF THE DELAWARE INDIANS.

The first was a claim for the proceeds of lands which were sold on their account between the years 1828 and 1858 and interest, and amounted to about \$78,000.00.

The time and work entailed in the defence against this claim were very great. Sessional and other papers and books of account of sixty years back had to be examined, and reports of Commissioners of Indian Affairs carefully read. The result was that it was conclusively proved that the proceeds had been accounted for to the Indians.

The claim of the Delaware Indians was for the value of lands submerged in the construction of the Welland Canal in 1830, and amounted with interest to \$19,000.00.

This claim was disproved.

The award of the Arbitrators of the 13th November, 1895, relieved the Provinces from all liability in both cases.

#### UPPER CANADA MUNICIPALITIES FUND.

This was a claim of Ontario against the Dominion of Canada and the Province of Quebec for the recovery of a balance on the Upper Canada Municipalities Fund, amounting to \$21,488.74.

The case was argued and an award made in February, 1895, by which the Dominion was made liable for \$15,732.76, and the Province of Quebec was discharged in respect of the whole claim.

#### COMMON SCHOOL FUND.

The Act 12 Victoria, Chapter 200 (1849), provided that all moneys accruing from the sales of Public Lands should be set apart as a capital to form a Common School Fund to produce a yearly income of (£100,000) \$400,000.00, and also authorized the appropriation of 1,000,000 acres of lands, the proceeds of the sales of which were to go towards making the Fund,—the interest arising from the Fund to go towards the payment of the \$200,000.00 granted yearly for Common Schools, and apportioned according to population between Upper and Lower Canada. The 1,000,000 acres were appropriated from the lands in Upper Canada, in November, 1850.



Under authority of Act 16 Victoria, Chapter 159, an Order in Council was passed on the 7th December, 1855, reserving one-fourth of the proceeds of the sales of School Lands in any County for public improvements, and this one-fourth of the moneys received after the 7th December, 1855, was paid over to the Municipal Councils until the 6th March, 1861, when the Order in Council was rescinded.

Only the proceeds of the sales of the 1,000,000 acres were credited to the Fund, nothing from any other public lands. \$58,000.00 of the moneys were invested in Quebec Turnpike Trust Bonds; the balance of the collections remained in the hands of the Province, and amounted, with the interest allowed yearly, to \$1,645,644.47 at Confederation, at which time all the lands had been sold except 8,959 acres, and, according to a return of the Crown Lands Department, the outstanding instalments on lands sold amounted at the 30th June, 1867, to \$1,704,738.00.

In the award of 1870, the Arbitrators appointed under the British North America Act deducted from the Fund, as held on the 30th June, 1867, \$124,685.18, and transferred that amount to the Upper Canada Improvement Fund, being one-fourth part of moneys received between 6th March, 1861, and 1st July, 1867, on account of lands which had been sold between 14th June, 1853, and 6th March, 1861. They directed that the Dominion should continue to hold the Fund and pay the income to Ontario and Quebec respectively as is directed by the 5th Section of Chapter 26 of the Consolidated Statutes of Canada, and that Ontario should have the sale and management of the lands and be allowed six per cent on the collections for so doing. That from the collections on account of sales that were made between 14th June, 1853, and 6th March, 1861, one-fourth should be retained by Ontario for the Upper Canada Improvement Fund. The balance of the collections to be paid over by Ontario to the Dominion, to be added to the Fund.

Instead of paying over the collections year by year, Ontario retained all the moneys received until January, 1889, when the sum of \$925,625.68 was paid to the Dominion, and a further sum of \$11,103.70 was paid in April, 1890.

Had the moneys collected been paid year by year, Quebec would have received its share of the interest on them half-yearly. And on the strong representations of the Treasurers of Quebec, Ontario has, at different times, paid to Quebec sums on account of Quebec's share of interest on the moneys retained, amounting in all to \$250,000.00; but this sum is far from what Quebec claims it is entitled to receive.

Quebec has claimed that the Order in Council of 6th December, 1861, put an end to the Upper Canada Improvement Fund, as regarded the one-fourth of proceeds of sales of these lands, and that the Arbitrators of 1870 exceeded their powers in deducting the \$124,685.18 and in authorizing the

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retention by Ontario of one-fourth of all proceeds received by it from sales made between 14th June, 1853, and 6th March, 1861.

There was correspondence from time to time between the Governments of Ontario and Quebec with regard to a settlement and final disposition of the Fund and the uncollected balances, but nothing was effected, as the views of the two Governments were so widely different.

As the ascertainment of the amount of the principal of the Common School Fund, the rate of interest to be allowed in the accounts between the Provinces, the amount for which Ontario is liable, and the value of the unsold lands, were matters to be determined by the recently appointed Arbitrators, the Treasurer of this Province asked, in March, 1893, for detailed and specific statements of amounts collected since 1867, of amounts outstanding on sales, and of the number and value of acres of land unsold.

The accounts not having been furnished in the form desired, and the estimate of the amount remaining outstanding and uncollected on lands sold being, in view of the statement of the Crown Lands Department made at Confederation, so different from what was expected, Mr. John Hyde, a chartered accountant, and Mr. Kemp, an official of the Crown Lands Department, Quebec, were, with the consent of the Government of Ontario, sent to Toronto, to make up complete and detailed accounts of all the lands, the sales, the interest accrued thereon, the collections on account of the same, and to establish the balances outstanding both at the date of Confederation and at the 31st December, 1892, that being the end of the last fiscal year of Ontario prior to the examination. This could only be done by full access being given to the books and records of the Crown Lands Department of Ontario, and it is gratifying to state that every facility in this respect was afforded by the Honorable Commissioner.

When it is considered that this work involved a complete audit of every account of the individual sales since 1850 of the 1,000,000 acres, most of which were in lots of 100 or 200 acres, with instalment payments on account of principal and interest, it will be realized how great was the amount of labor and time required, and as no individual sales ledger accounts had been kept, the accountants found it absolutely necessary to have a set of ledgers made and open an individual account for every sale, into which they posted every debit and credit entry both of principal and interest.

As it appeared that in settling with the purchasers of these lands, remissions had been made by Ontario, in a large number of cases, of part of the price or of the interest, and as Quebec questioned the right of Ontario to make these remissions, as far as Quebec's share was concerned, without having obtained its consent, a note had to be taken of every such remission and of the record in connection with the same. In view also of the claim of Ontario under the award to deduct one-fourth of the proceeds of lands

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sold between 14th June, 1853, and 16th March, 1861, the records of these sales and the collections on account of the same had to be distinguished from the sales made at other periods.

The result of this work showed that at 31st December, 1892, there was outstanding and uncollected on sales, including principal and interest, an amount of \$485,800.00, and that remissions and reductions had been made on amounts due in capital and interest to an amount approximating \$300,000.00, and that 3,383 acres remained unsold.

The Province of Quebec claims that these sums are to be taken into consideration in determining the amount of the principal of the Fund, though the amounts outstanding can only become available for income as they are collected.

The above amounts, as well as the amount in the hands of the Dominion belonging to Ontario and Quebec jointly, can only be divided by mutual agreement or by arbitration. And although the Lieutenant-Governor of this Province in Council is authorized by the Act 57 Victoria, chapter 3, (1894) to agree with the Government of Ontario upon an amount to be paid by Ontario for the unsold lands and uncollected balances, and also to agree with the Governments of the Dominion and of Ontario for the final payment to the Fund and for the division and distribution of the Fund to the Provinces, and failing to agree on such division and distribution, to refer the question to arbitration, no such agreement has yet been made; the questions submitted to the present Arbitrators being the ascertainment and determination of the amount of the capital of the Fund, the rate of interest on such Fund, and the rate of interest on the accounts between Ontario and Quebec.

The Dominion pays interest at the rate of five per cent per annum half-yearly on the amount of the Fund in its possession, which at the present time is \$2,457,688.62, Quebec having received as its share of such interest about \$30,000.00 a year for the years from 1867 to 1889, and about \$50,000.00 a year since 1889. Quebec has also received from Ontario \$250,000.00 on account of its share of interest, as before stated, on collections for the period that such collections were retained by Ontario.

From the foregoing it will be gathered that the principal grounds taken by Quebec are that the deductions from the collections for the Upper Canada Improvement Fund, though authorized by the Arbitration of 1870, are contrary to law, that Ontario is responsible for the remissions and deductions allowed the parties indebted to the Fund, and that Ontario is bound to place Quebec in the same position, as regards the interest on the collections retained, as it would have been if the same had been paid over to the Dominion from year to year.

The case was argued at Toronto in July last, but no award has yet been made.

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During the sessions of the Arbitration, claims have been argued and adjudicated upon in which Quebec had no interest, viz :

Claim of Dominion against Ontario in respect of the interest coupons on certain Bonds of the City of Hamilton amounting to \$16,781.35 and interest.

Claim of the Dominion against Ontario in respect of certain Immigration Expenditure amounting to \$20,000.00.

As regards the Robinson Treaties' Indian Case and the Common School Fund case, there will, after judgment has been given by the Supreme Court in the first, and an award by the Arbitrators been made in the second, if accepted as final, still be a considerable amount to be done to determine the facts and state the accounts in these particular matters.

But the hearing and adjudication of these cases, as well as of those claims which have not yet been brought before the Arbitrators, will not delay the final determination and settlement of those accounts of the Dominion with the late Province of Canada and with each of the Provinces, which have been for so many years the subject of contention and discussion. The uncertainty with reference to them, which has been a continual embarrassment in dealing with the financial position of this Province, will, it is hoped, be ended before the present fiscal year closes.

The claims in which Quebec is interested, which have not yet been argued, are as follows :

A claim of the Dominion in behalf of the Chippewas of the Thames and the Wyandotte Indians, for proceeds of their lands sold between the years 1845 and 1854, and received by Crown Lands Agents, but never accounted for, amounting to \$30,000.00 and interest to the present time.

A claim of the Dominion in behalf of the Mississaguas of Rice and Mud and Scugog Lakes against the late Province of Canada, for proceeds of their lands sold between 1844 and 1864, which, it is stated, went into the Consolidated Revenue Fund of the Province of Canada, instead of being accounted for to them. The amount is \$5,926.00 and interest.

A claim of the Chippewas of Lake Huron, and of the Mississaguas of Rice and Mud Lakes and Alnwick and Scugog, in respect of a territory of about 10,000 square miles, which, it is stated, was never surrendered by them, but that prior to Confederation, the lands were dealt with, and parts sold by the late Province of Canada, and that the territory has been occupied and enjoyed since Confederation by Ontario, portions having been sold from time to time by that Province. This claim is partly against the late Province of Canada and partly against Ontario.

There are other Indian claims in which Quebec is not interested.

# TEMPERANCE, LONGEVITY, INSURANCE.

## A TRACT FOR THE TIMES.

*Reprinted from the Canada Citizen.*

“ Smote by truth fall ancient errors,  
Reared by power and propt by wrong ;  
And Earth wonders when they perish,  
How they held their sway so long.”

There are few phases of the wonderful history of the great Temperance Reformation that so well illustrate the unsound basis and unjust operations of unreasoning prejudice, and also the astonishing progress in enlightenment that has recently been made, as does the remarkable change in the attitude, towards total abstainers, of Life Insurance Companies. The hard-headed business sagacity that directs these institutions is not very likely to be influenced by any merely sentimental considerations, and yet the companies, that some time ago looked with suspicion upon teetotallers, now seek after them as insurers with the utmost eagerness, and even offer them special inducements. Why do they do this? Simply because IT PAYS. Total abstainers, as a class, have longer lives and better health than moderate drinkers, and insurance companies can do with them a safer and more profitable business even at reduced rates. Not only is the physical health of the abstainer superior to that of his less careful neighbor, but he is much less liable to injury, from those climatic and other accidents of common life that so frequently lay the foundation for disease and death. All his faculties and nervous safeguards against these causes of injury are also more on the alert, and the prudence that impels him to avoid or counteract them is more keenly active.

We might fill a volume with physiological evidence and expert medical opinion upon this matter, but we are confining ourselves now wholly to insurance facts, and even here the field is so extensive that we can only sample and condense the material that is at our disposal. We must again, however, call attention to the character of our witnesses. The managers of Life Insurance Companies are among our most reliable and experienced business men, and the insurance system has the endorsement of the best morality and the highest intelligence of our communities.

## THE HISTORY

of temperance insurance though brief, is instructive. The *Detroit Indicator*, a leading insurance journal, epitomizes the early part of it as follows:—

“There was a time, not very long ago, when total abstainers from intoxicating drinks were looked upon by Life Insurance Companies in Great Britain as a class that ought to pay an additional rate for insurance on their lives. The Chairman of the United Kingdom Temperance Society in moving the adoption of the 40th annual report of the Society referred to the fact that he applied to three Life offices for insurance, two of which accepted him at the regular rates through the influence of friends, while the third charged him a considerable amount extra. When he asked for the reason, the reply was, “You are a teetotaler; and the directors consider teetotal lives are worse than ordinary lives.” This was the view held by the majority of men in Britain in those days, the moderate use of stimulants being considered beneficial to health and longevity. The British Government, however, soon after commenced experimenting in this line, in the army, in the navy, in public institutions, etc., etc., and were not long in discovering the reverse to be true. In 1838, statistics were kept of the number of men belonging to temperance societies in the European armies, serving in India, admitted to the hospitals, and the number of those not temperance men admitted during the same time. The record was for the first six months of the year and was decidedly in favor of the temperance section. The strength of the temperance societies was 9,340, and of the remainder of the regiments 17,354. The relative proportions admitted to strength was in the former 1 in 16.47, and in the latter 1 in 7.28; the average daily percentage of men in the hospital being among the temperance 3.65 and among the others 10.20, or nearly three times as great. This and other experiments set the English people to thinking on the temperance question, and revealed to them the fact that they had been entertaining fallacious views on this subject. The results of total abstinence were so favorable in other directions that a life insurance company called The United Kingdom Temperance and General Provident Institution was organized with the object in view of providing insurance for teetotalers in a class by themselves.”

Since the formation of the above-named company many others have been instituted upon the same general lines, both in Great Britain and other countries. Among these may be specially named the Whittington Life Assurance Co., the Emperor Life Assurance Co., the Scottish Temperance Life Assurance Co., the Blue Ribbon Life Assurance Co., the Australasian Temperance and General Life Assurance Co. of Australia, the Sceptre Life Assurance Co. \* \* \*



The special advantages that abstainers enjoy in this matter were soon noticed and made use of by that class of insurers who prefer the system of mutual insurance on the death assessment plan. A number of these societies sprang up, admitting only total abstainers, it being clearly evident that the assessment calls upon members of such societies would be lighter than in similar associations admitting moderate drinkers.

Further light and knowledge still more thoroughly convinced temperance men that, in justice to themselves and their families, they ought to secure in their insurance investments, the full benefit of their safer habits and superior life probabilities, and temperance insurance at once passed from the region of theory and experiment to that of fact and business. We are much pleased to notice that a movement has been lately set on foot in Canada for the formation of a home company, that will give to our citizens the full advantages of this system, by affording them an opportunity of holding stock as well as policies in a temperance company. At the last session of the Dominion Parliament, a special Act was passed chartering The Temperance and General Life Assurance Company of North America. We publish to-day in the advertising columns of THE CANADA CITIZEN the prospectus of this new company. The names therein given of the principal promoters of the enterprise guarantee its success. Mr. O'Hara, who is working out the details of this scheme is a well-known temperance worker, and P. G. W. P. of the Sons of Temperance, and he has had extensive experience in life insurance business. We heartily commend this institution to both investors and insurers.

We believe the experiment of an insurance company doing business with abstainers alone has not yet been made.

#### THE FACTS

in relation to temperance insurance and longevity, the records of the working companies already referred to, and the mortuary statistics of total abstinence societies, constitute an overwhelming mass of evidence in favor of total abstinence, as by far the safest practice in relation to all forms of intoxicating liquors. We have only space for a few summarized items, and in considering them, our readers will kindly bear in mind that no insurance company will take risks on the lives of men of the class usually called intemperate, and the comparisons made in their tables are all between moderate drinkers and teetotallers.

The obituary record of the National Division of the Sons of Temperance makes the following extraordinary showing:—

Of the male members in the year 1880-81, there were 8 deaths, and the average age of the deceased was 64 years and 4 months; in 1881-82 there were 12 deaths, at the average age of 71 years and 2 months; and in the year 1882-83 there were 10 deaths, at the average age of 71 years and 6 months. The three years' record gives 30 deaths, at the average age of 69 years and nearly 6 months. The showing for 1883-84 is even more favorable still, the average age of the members who died during that year being 72 years. The age of the oldest member who passed away was 92.

A circular recently issued by the "Sceptre Life Assurance Company, of Great Britain," shows that for the past ten years the deaths in the total abstinence branch of the company amounted to only forty-five per cent. of the number anticipated.

At the annual meeting of the Whittington Life Assurance Company, on the 21st of August of the present year, the following statement was made by the manager, Mr. Alfred T. Bowser:—

"One feature of interest I must not omit to mention—I refer to the temperance section. The report has told you that the mortality in that section continues to be favorable; I will tell you a little more exactly. Three years ago I stated that the death rate in the temperance section had, in the three years, been 23 per 1,000, against 50 per 1,000 in the general section. I have now the satisfaction of stating that the comparison is even a little more favorable for the temperance section during the past three years; it has been at the rate of 22 per 1,000, while in the general section it has been at the rate of 51 per 1,000."

The results obtained by the Temperance and General Provident Institution are stated as follows by the *Indicator*, the journal already quoted:—

"The results after, a few years trial, were surprising and convincing. During the first five years of its existence the Temperance and General Provident Institution issued 1,596 policies, and the average death rate was but 7½ per 1,000, while it ranged from 13 to 26 in four other offices. There were, of course, other causes at work which helped to keep down the mortality, but these were not sufficient to occasion the whole differences. But this difference was made more apparent in the results in the two sections of this company itself, viz.: the Temperance Section and the General Section. The records for seventeen years shows that in the former section the expected claims were 2,644, and the actual 1,861, a per cent. of 70, while in the latter the expected claims were 4,408, and the actual



4,339, a per cent. of 99, or nearly the full amount. This is an excess of 29 per cent. in favor of the Temperance Section."

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#### THE OPINIONS

of experts in the business of insurance go to emphasize all that has been said in reference to even the moderate consumption of the milder alcoholic beverages. Some time ago we published in THE CANADA CITIZEN the following statement of

**Colonel Green, President of the Connecticut Mutual Life Insurance Company:—**

"I protest against the notion so prevalent and so industriously urged that beer is harmless and a desirable substitute for the more concentrated liquors. What beer may be, and what it may do in other countries and climates, I do not know from observation. That in this country and climate *its use is an evil only less than the use of whiskey, if less on the whole*, and that its effect is only longer delayed, not so immediately and obviously bad, its incidents not so repulsive, but destructive in the end. I have seen abundant proof. In one of our largest cities, containing a great population of beer-drinkers, I had occasion to note the deaths among a large group of persons whose habits, in their own eyes and in those of their friends and physicians, were temperate; but they were habitual users of beer. When the observation began, they were, upon the average, something under middle age, and they were, of course, *selected lives*. For two or three years there was nothing very remarkable to be noted among this group. Presently death began to strike it; and, until it had dwindled to a fraction of its original proportions, *the mortality in it was astounding in extent*, and still more remarkable in the *manifest identity of cause and mode*. There was no mistaking it; the history was a most invariable: robust, apparent health, full muscles, a fair outside, increasing weight, florid faces; then a touch of cold, or a sniff of malaria, and instantly some acute disease, with almost invariably typhoid symptoms, was in violent action, and ten days or less ended it. *It was as if the system had been kept fair outside, while within it was eaten to a shell; and at the first touch of disease there was utter collapse; every fibre was poisoned and weak*. And this, in its main features, varying of course in degree, has been my observation of beer-drinking everywhere. *It is peculiarly deceptive at first; it is thoroughly destructive at the last.*"

This statement was recently published by *The Voice*, an American paper, issued by Messrs. Funk & Wagnall, of New York. The editors of *The Voice* have received and printed many letters confirming Colonel Green's opinions, and from the columns of that paper we take the following:—

***From Thomas W. Russell, President Connecticut General Life Insurance Co.:***

"I have no doubt the results are correctly stated by Col. Greene. Pneumonia, typhoid fever, inflammation of the brain, of the bowels; etc., are not unfrequently given as the cause of death, when it should be truthfully added—directly induced by the use of such beverages."

***From George C. Ripley, President Home Life Insurance Co.:***

"Our experience, as a rule, confirms that of Col. Greene. It indicates that malt liquor used habitually, even though moderately, causes an increase of mortality."

***From T. H. Brosnan, President United States Life Insurance Co.:***

"Our experience has been very much more limited than the experience of the Connecticut Mutual Life Insurance Co., but, as far as it has gone, and to the extent of our own powers of observation, whether speaking officially or personally, we believe that Col. Greene's views represent the facts."

Similar statements were received from the following well-known gentlemen:—

***J. B. Temple, President Southern Mutual Life Insurance Co., Kentucky.***

***A. G. Bullock, President State Mutual Life Assurance Co.***

***Stephen Ball, Secretary of the Hartford Life and Annuity Insurance Co.***

***Samuel C. Huey, President of the Pennsylvania, Mutual Life Insurance Co.***

***J. H. Nitchin, Secretary National Life Insurance Co., U. S. A.***

***Charles Dewey, President National Life Insurance Company.***

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THE CONCLUSIONS

to be drawn from the above cited facts and opinions are too manifest to need anything more than mere mention. The duty of insurance has often been urged with earnestness and force. The *Canadian Royal Templar* in a recent issue makes the following interesting statements:—

"Not long since the Rev. C. R. Spurgeon, taking for his text: 'Take no thought for the morrow, what ye shall eat, or what ye shall drink, or wherewithal ye shall be clothed,' commenced his sermon by announcing the fact, 'I insured my life last week for £1,000 and have thus been able to carry out the injunction of the text, and not to be over anxious for the morrow, for much undue care and anxiety that I had is now laid aside, secure in the knowledge that my forethought has provided for my loved ones.' As a further practical proof of his opinion of the value of Life Insurance, Mr. Spurgeon induced all the young men of the Metropolitan Tabernacle to assure their lives, he paying half the premium for them for the first two years."

If provision for our families by insurance is a social and Christian duty, it must also be a duty to make that provision as complete and as secure as possible. When epidemics ravage a country they invariably make most havoc in the drinking ranks, and this fact makes the discrepancy between the respective positions of the insured abstainer and liquor-consumer even greater than what the quoted statistics indicate. It is the abstaining insurer's duty to make his provision as cheap and as positive as he can, and he cannot do this in a company that makes him pay for the extra risk it carries in the moderate drinker's insurance. There is also manifest the duty of temperance capitalists to support an enterprise that gives even-handed justice to its patrons. In addition to these considerations the success of such institutions furnishes a powerful argument in favor of the great total abstinence and prohibition reform.

Our principal interest in this matter, however, lies in the established relationship of temperance to health and longevity. Here we have an unanswerable argument in favor of the cause we are laboring to promote; and in the interests of the public weal, we appeal to all true philanthropists to aid us in our crusade against the unholy traffic in the death-dealing drink.

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**THE TEMPERANCE AND**

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**OF NORTH AMERICA.**

**HEAD OFFICE, TORONTO.**

*Incorporated by Special Act of the Parliament of Canada, April 10th, 1884.*

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