

ARBITRATION OF PUBLIC ACCOUNTS.

500. The Confederation Act, 1867, provided for an arbitration to adjust the accounts between the Dominion and the Provinces of Ontario and Quebec, as forming the old Province of Canada. The arbitrators appointed were Sir David Macpherson on behalf of Ontario, Judge Day on behalf of Quebec, and Hon. Mr. Gray for the Dominion.

The majority of the arbitrators rendered an interlocutory judgment, as follows:—

1. "That the Union Act did not create, in fact or in law, any partnership between Upper and Lower Canada.

2. "That the arbitrators have no power to enter into the debts or credits of the two provinces at the time of their union in 1841.

3. "That division and adjustment between Ontario and Quebec of the surplus debt beyond \$62,500,000, for which, under Sec. 112 of the British North America Act, 1867, Ontario and Quebec are conjointly liable to Canada, should be based upon the origin of the several items of the debts incurred by the creation of the assets mentioned in the 4th schedule to that Act, and shall be apportioned and borne separately by Ontario and Quebec, as the same may be adjudged to have originated for the local benefit of either, and where the debt has been incurred by the creation of an asset for the common benefit of both provinces, and shall be so adjudged, such debt shall be divided and borne equally by both.

4. "That in cases in which the debt shall not come within the purview of the 4th schedule, reference shall be had as to its origin.

5. "That the assets enumerated in the 4th schedule to be the property of Ontario and Quebec conjointly, shall be divided or allowed on the same basis.

6. "That the expenditure made in the creation of the said assets shall be taken as the value thereof, and, where no asset has been left, the amount paid shall be taken as the debt incurred." Judge Day, for the Province of Quebec, dissented and resigned.

The two arbitrators deemed their duty to be to continue the work, notwithstanding the resignation of their colleague.

In September, 1871, they rendered an award. The contention was then set up that the award was invalid, as made by two, and not by the three arbitrators.

After some years a case was admitted to the Privy Council of England, and in 1878 a decision was given that the award was valid. But during fifteen years no settlements under the award were effected. In 1893 arbitrators were appointed and the questions in dispute discussed. On the 2nd November, 1893, the arbitrators made the following award:—

TO ALL TO WHOM THESE PRESENTS SHALL COME :

The Honourable John Alexander Boyd, of the City of Toronto and Province of Ontario, Chancellor of said province; the Honourable George Wheelock Burbidge, of the City of Ottawa, in the said province, Judge of the Exchequer Court of Canada, and the Honourable Louis Napoléon Casault, of the City of Quebec, in the Province of Quebec, Judge of the Superior Court of the said Province of Quebec, send greeting.

Whereas, it was in and by the Act of the Parliament of Canada, 54-55 Victoria, chapter 6, and in and by an Act of the Legislative Assembly of Ontario, 54 Victoria, chapter 2, and in and by an Act of the Legislature of Quebec, chapter 4, among other things provided that for the final and conclusive determination of certain accounts which had arisen or which