

SCRIP & SCRIP SPECULATION

- Scrip or Script
- Definition: scrip is a certificate which gives the person or corporation, to whom it has being granted, the right to receive something.
- 1st used in North America by United States Government to allocate land.
- Objectives of the use of scrip to allocated land were:
 1. allow to easy selection of any unclaimed and surveyed land
 2. allow scrip to be easily transfered from one person to another
 3. allow for clear and undisputed title to land acquired through the redemption of scrip therefore; to facilitate the rapid settlement of land.
- 1st used in Canada to satisfy certain Halfbreed and other claims and to grant military awards.
 1. Wolseley's expedition to the Red River
 2. certain heads of Halfbreed families and Selkirk and old settlers and their children
 3. to satisfy hay and woodlot claims
 4. supplementary claims of Halfbreed children in Manitoba in excess of the 1.4 million ares set aside
 5. to Land Colonization Companies
 6. to Halfbreeds in the Northwest, born prior to July 16, 1870, in areas where Indian Title had been extinguished

7. to Metis in areas where new treaties or adhesions were signed with Indians.
8. to Halfbreeds born between July 16, 1870 and July 16, 1885.
9. to N.W.M.P. personnel and to volunteers who served during the North West Rebellion of 1885.
10. to Canadian veterans of the Boer War in South Africa.

- Money Scrip: specified a money value to be used to acquire open Dominion Lands up to the value of the scrip and was redeemable by the bearer.

was considered to be personal property when issued to the allottee, but became real estate when it passed from the allottee to the assignee.

only Halfbreed money scrip was considered personal property.

- Land Scrip: specified a land value to be used to acquire open Dominion Land up to the number of acres specified.

specified the name of the allottee on the face of the certificate and therefore, could only be located on land by the person to whom it was issued.

- Distribution of scrip:

- a) travel schedules of commissioners would be advertised in advance by any available means. (ie) posted in parish halls, churches, trading posts, land offices, etc.; ads in newspapers were applicable by word of mouth.

- b) schedule indicated place and time of sittings and invited claimants to present themselves.
- c) claimants completed application forms which required affidavits or other official documents to varify the information.
- d) applications were either approved, disapproved or referred for further investigation.
- e) approved applicants were given a "scrip-certificate" on a prescribed form to be redeemed at the Department of the Interior for either land or money scrip. Scrip notes would wherever possible, be delivered into the hands of the allottee.
- f) the allottee in the case of land scrip and the bearer in the case of money scrip, had to redeem the scrip note for land at the Dominion Land Office. The person identified the land he wanted, the scrip was registered against it and the patents to the land were granted.

- Department of Justice Ruling:

- money scrip was ruled in 1870's and confirmed in May 1885, as being personal property and once sold or assigned to another, became real estate.
- bounty or military scrip was money scrip, but was ruled as being real estate.
- heirs were entitled to the scrip claims of relatives who were deceased.
- patents to land could not be issued to persons holding assignments from Halfbreeds.
- Powers of Attorney could be recognized; therefore, scrip would not be delivered to assignees.
- scrip could be used to acquire timber leases, coal leases, pasture leases, etc.

- 1899 properly executed assignments were recognized; therefore, scrip could be delivered to assignees.
 - the first Power of Attorney with the request for scrip would be recognized.
 - Halfbreeds could withdraw from a treaty to claim scrip.
 - homesteaders could use scrip to acquire their pre-emption lands.
 - scrip could not be applied outside of Manitoba and the North West Territories.
 - the Department of the Interior was not responsible to investigate claims of fraud by speculators.
- December 1870; Lt. Governor Archibald:
- the first and illustrating document on the distribution of land to Halfbreeds.
- Bounty or Military Scrip:
- to retain military presence; therefore not transferable.
- Open Dominion Land:
- control over the use and allocation of land for other purposes;
(ie) railway, school lands, Hudson Bay Company lands, communication lines lands.
- Pattern of Scrip Allocation:
- 1885 to 1900 significantly more money scrip than land scrip.
 - 1903 to 1910 significantly more land scrip than money scrip.
 - why this change?

- Who acquired Scrip:

- 80% - chartered banks, private banks, trust companies, and other financial institutions.
- 10% - small-time speculators.
- 10% - the individual allottee.

- Speculations:

- In the United States, the use of scrip resulted in large scale speculation which resulted in large profits for speculators and large tracts of land inaccessible to settlers, because of high prices; therefore, the homestead system was adopted.

- Canada adopted the homestead system with land set aside for specific concerns and rules for land to be available to Colonization Companies in areas difficult to settle; therefore, no lands for speculative purposes.

- The system for distribution of lands to Half-breeds was known to lend itself to speculation and was used for this reason as outlined by Lt. Governor Archibald in 1870.

- Banks:

- 55% or more of all scrip issued.
 - not including over the counter purchases.
 - process: Power of Attorney to apply for patents and follow up with a quit-claim deed issued in the name of the transferee.
- banks didn't apply scrip to land; therefore, what did they do with it?
- Bank Act: states that they cannot hold land for speculative purposes.
- banks used the land as an asset.
 - 1 dollar worth of assets produce 1 dollar of currency
 - 1 dollar worth of assets produce 10 dollars in loans.

- purchase scrip at 50¢ on the dollar;
therefore, \$500 for \$1000 worth of scrip.
therefore, \$500 allowed for \$1000 of currency
or \$10,000 of loans.
- loan of \$10,000 at 6% over 5 years annual
payments:

1st year - \$ 600 (interest) + \$ 2000 (principle) =	\$ 2,600.00
2nd year - \$ 480 (interest) + \$ 2000 (principle) =	2,480.00
3rd year - \$ 360 (interest) + \$ 2000 (principle) =	2,360.00
4th year - \$ 240 (interest) + \$ 2000 (principle) =	2,240.00
5th year - \$ 120 (interest) + \$ 2000 (principle) =	2,120.00
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Total - \$1800 (interest) + \$10000 (principle) =	<u>\$11,800.00</u>

Therefore, the investment was recovered in 1 year + a profit of \$100.00 (500 + 100 = 600).

In addition, the bank has generated \$11,800.00 over 5 years. This \$11,800.00 allowed for \$11,800.00 of currency or allowed for \$118,000.00 of loans.

- loans of \$11,800 at 6% over 5 years annual
payments.

1st year - \$ 7,080 (interest) + \$ 23,600 (principle) =	\$ 30,680
2nd year - \$ 5,664 (interest) + \$ 23,600 (principle) =	\$ 29,264
3rd year - \$ 4,248 (interest) + \$ 23,600 (principle) =	\$ 27,848
4th year - \$ 2,832 (interest) + \$ 23,600 (principle) =	\$ 26,432
5th year - \$ 1,416 (interest) + \$ 23,600 (principle) =	\$ 25,016
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Total - \$21,240 (interest) + \$118,000 (principle) =	<u>\$139,240</u>

Therefore, this would allow for \$139,240.00 of currency of \$1,392,400.00 of loans.

Therefore, in just ten years, the bank will have increased its capacity to make loans from \$5,000.00 (\$500 x 10) to \$1,392,400.00.

It would have increased its assets from \$500.00 to \$139,240.00.

The risk involved was very low, because if only 50% of the loans were repayed, you would still make the profit of 10 x your original investment.

investment - \$500.00 profit - \$5,900.00

Therefore, if there was approximately 6 million acres of land distributed via scrip, and if we assume \$1.00/acre, then the chartered banks would have held \$3,300,000.00 at 55% of all scrip issued.

If \$1,000.00 of scrip would produce \$139,240.00 of assests in ten years, then 3,300,000 would produce \$459,492,000.00 in the same 10 year period.

(All Western Dollars - Peter Lowe) in library

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No. 51.

CONFIDENTIAL.

GOVERNMENT HOUSE,

FORT GARRY, 27th December, 1870.

SIR,

In my Despatch No. 78, under date of the 20th instant, I undertook to make some suggestions for the use of His Excellency the Governor General in reference to a system of Surveys which I thought suitable for adoption in this Province, and also bearing upon the Policy which should govern the disposal of Crown Lands here.

I stated in that letter that I should at an early date submit some observations upon the question of the Land reserved for the Half-breeds.

The system of Surveys I have undertaken to recommend is applicable to all the Lands of the Province, except only to that portion of them which, while within the tract to which the Indian Title is extinguished, is held under the Grants, or with the permission, of the Hudson's Bay Company. Parties so holding, will, under the language of the Manitoba Act, be entitled to Grants in conformity with their holdings. These are by acres and bounds, and in shapes assigned by the Company's Surveys. It may be a question whether the Squatters who, while *within* the tract of extinguished Indian Title, are *without* the limits of the Company's Surveys, should have their lands laid off in conformity with the general scheme, or whether a modification should be made in their case, so as to make their lots conform in dimensions, boundary and shape with those laid out by the Company.

But at this moment, I have not, nor has any body else, I believe, the information that should be had before that point is decided. But so far as regards the lands intended for half-breeds, and those which form the twentieth share reserved for the Hudson's Bay Company, and also as regards the lands of squatters whose possessions are outside the tract to which the Indian title is extinguished, the surveys of all these lands, comprising, as they do, nine-tenths of the area of Manitoba, may be conducted under the general system.

In entering upon the question of half-breed lands, it becomes proper to ascertain what number of persons they are to be divided among.

In my despatches, Nos. 63 and 80 respectively, under date of the 9th and the 26th of December instant, I furnished you with abstracts of the population of this Province. By these you will find that there are 10,000 half-breeds in the Province.

Section 31 of the Manitoba Act is as follows:—

"And whereas, it is expedient towards the extinguishment of the Indian title to the lands in the Province, to appropriate a portion of such ungranted lands, to the extent of one million four hundred thousand acres

-land survey problem re: Metis allotment
-extinguishment of Indian Lands
what Metis qualify for land - children
amount of land available - 60-28,040 acre Townships
racial separation
land transfer/ownership rights - conditions of ownership
attempt to make it easy for Metis to get rid of land for
minimal amount of money. Dec. 27 1870

thereon for the benefit of the half-breed residents, it is hereby enacted that, under regulations to be made from time to time by the Governor General in Council the Lieutenant Governor shall select such lots or tracts in such parts of the Province as he may deem expedient to the extent aforesaid, and divide the same among the children of the half-breed heads of families residing in the Province at the time of the said transfer to Canada, and the same shall be granted to the said children respectively, in such mode, and on such conditions as to settlement and otherwise, as the Governor General in Council may from time to time determine.

It is difficult to understand exactly what several expressions in this clause mean.

It

The title recognized as Indian, is the title of the natives who have made any particular portion of the Country their home. Each tribe is divided into families, and each family considers as its own, in a certain sense of exclusiveness, though not in the absolute sense we attach to ownership, the particular parts of the Country, where the family lives, and hunts, and roams.

Now, as regards the Province of Manitoba, that was originally in the possession of some tribes of Crees, till shortly before the arrival of the English settlers, when they either abandoned their homes in search of a more Western Country or were driven out by the Saulteaux, who pressed upon them from the east, and whose original home is the Country lying between this and Lake Superior. Some few Crees remained; some Indians, assuming to be Cree Chiefs, uniting with others assuming to be Saulteaux Chiefs, concurred in the Deed to the Earl of Selkirk referred to in a previous despatch.

III

The Indian rights, whatever they may be, belong to families of these two tribes. But many of the half-breed inhabitants of Red River are not descended from any family or tribe of either Crees or Saulteaux.

The half-breed population of this Province is largely from beyond the Province. White men who have lived in the most remote parts of this Continent, and have formed connexions with Indian women of the interior, as they advance in years remove to Red River, and there is probably a tribe of natives between this and the Rocky Mountains, or between this and the North Pole, or between this and the coast of Hudson's Bay or Labrador, which is not to some extent represented in the half-breeds of Red River.

The words therefore "towards the extinguishment of the Indian Title in these lands" if they were really meant to apply to those who could have any claim, as descendants of the tribes who occupied the lands of Manitoba, would exclude all half-breeds whose Indian ancestors were not of certain tribes and families; but I presume the intention was not so much to create the extinguishment of any hereditary claims (as the language of the Act would seem to imply) as to confer a boon upon the mixed race inhabiting this Province, and generally known as half-breeds. If so any person with a mixture of Indian blood in his veins, no matter how derived, if resident in the Province at the time of the transfer, would come within the class of persons for whom the boon was intended.

XII

Neither does it appear very clear what is meant by the Act "enuring to the benefit of the families of half-breed residents," or by the language

These heads of families included in the act are not to be included.

of the latter part of the clause where the duty assigned to the Lieutenant-Governor is, "to divide the lands among the *children* of Half-breed heads of families."

Similar language is used further on in the same clause, where it is provided "that the lands shall be granted to the *said children* respectively."

The natural construction of these words would exclude the heads of families, though they themselves might both be Half-breeds.

It would exclude also the children of Half-breeds, unless their parents were resident in the Province at the time of the transfer.

These two limitations would largely diminish the number of persons who would be entitled under the Act. The first construction excluding heads of families, would reduce the 10,000 by $\frac{1}{2}$ at least, and the second would withdraw a large additional number from the operation of the Act. But, I presume, some liberality must be taken with the language, in adopting a construction of the whole of this clause, and that it will be so interpreted as to confer on every Half-breed resident in Manitoba at the time of the transfer (which indeed is stated in the preamble to be the intention) a right of participation in the Half-breed Reserve.

Assuming then the number, entitled to participate as 10,000, and the land laid apart as 1,400,000, this will give each *individual* a tract of 140 acres.

In case the Government should adopt the system recommended for Surveys there will be no difficulty in moulding it to meet the grants to Half-breeds. Seven of the 100 acre lots, could be made, with a little rectification of the dividing lines, into 8 lots of 140 acres each, the whole area being in each case 1,120 acres. There need therefore be no difficulty in bringing the half-breed lots into the General System.

In a township of 6 miles square, there are 28,040 acres. Sixty of these townships would furnish the quantity of land to be laid aside for half-breeds.

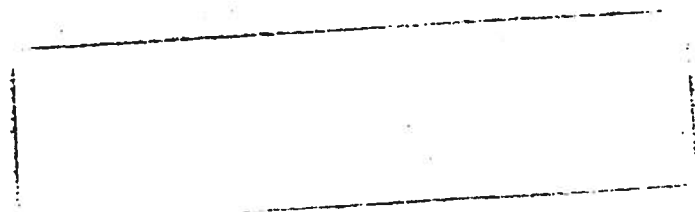
In allocating these Townships, the first question, naturally arising, is whether they should alternate with Townships not specially appropriated.

I am inclined to think that if the feelings of the Half-breed population, particularly the French, are consulted, the lands will be laid out so as to throw the Reserve as much as possible into one block, or rather into two blocks, one for the English and one for the French.

This Country has been settled almost altogether on the plan of keeping those of one Race, Religion and Language, in a community by themselves. At this moment, Parishes are English, English Speaking and Protestant, or they are French, French Speaking and Catholic.

The disposition to continue this arrangement is very strong, particularly with the French, and they will be found to be anxious to have their Reserve laid off in the vicinity of existing Parishes of their own people. If this Policy should be adopted, and the lands allotted to the French Half-breeds, who amount to 6-10 of the whole, are laid off in that way, it would take about 26 Townships of 6 miles square, to meet the Reserves to which they will be entitled. 24 Townships will provide for the English.

U.S.



The distance from Fort Garry to Pembina is over 40 miles and if a range of Townships were laid off in the rear of the present settlements, each of these ranges would contain 100 Townships and it would therefore require a little over 30 Ranges to comprise the quantity to which the French would be entitled.

Again, between Fort Garry and the Indian Mission, below the Stone Fort, there is a distance of about 20 miles, and to lay out the 24 Townships that the English Half-breeds would be entitled to, would require seven ranges of Townships.

XVc

As far as the English half-breeds are concerned, I think they would prefer to have the liberty of selecting their lands where they may think fit. Looking at the question from a business point of view, they are right.

Where a Half-breed Reserve is laid off in one block, and no neighbourhood is growing up, a lot in such a block is of course much less worth, than where it is surrounded by other lots in which improvements are going on, and where each particular lot is enhanced in value by the improvements on the others.

It is only because the French half-breeds, and their leaders, treat the question, not as one of business, but rather as one of race, and blood and language, and because they are unwilling that their people should form part of a mixed community, that they prefer having their lands, which they are entitled to, laid off in one block.

But there is another feature in the arrangement they suggest, which would, I think, work more injuriously still in depreciating the value of their lands.

NB

The grants to half-breeds are, by the Act, to be made "in such mode and on such conditions as to settlement or otherwise as the Governor General in Council shall from time to time determine." The French, or their leaders, wish the lands to be settled up, as to prevent them, at all events, for a generation, from passing out of the family of the original grantee. Now of the Half-breeds, more than 1/2 are under 10 years of age, and more than 2/3 are under 20. The effect, therefore, of any such arrangement as that suggested would be, to render absolutely inalienable, for a long period of time, a large portion of this Reserve.

Take a neighbourhood where this Policy obtains. Much of the reserve is owned by children; nothing can be done till they come of age, even then they cannot sell. The land must descend to their children and theirs. It would not become alienable till the third generation. The effect would be to lock up a large portion of the land of the Country, and exclude it from the improvements going on in localities where land is unfettered. The whole tendency of Modern Legislation, not only on this side of the Atlantic, but beyond it, is to strike off the fetters which clog free traffic in land. There is no state in the Union, and no Province in the Confederation, so far as I know, that has not abolished "Estates Tail."

All the tendency of Modern Legislation is in the line of abandoning the feudal ideas respecting lands and bringing Real Estate more and more to the condition of personal property and abolishing restraints and impediments on its free use and transmission.

It does not seem to me that it would be wise in the case of Mauritius to reverse a policy approved by the common sense of the world, and in accord with the habits and thoughts of modern life.

So far as the advance and settlement of the Country is concerned it would be infinitely better to give a half-breed a title in fee to his lot. He might make a bad use of it—in many cases he would do so. He might sell it for a trifle. He might misuse the proceeds. Still the land would remain, and in passing from the hands of a man who did not know how to keep it, to those of one who had money to buy it, the probabilities are all in favor of the purchaser being the most thrifty and industrious of the two, and the most likely to turn the lands to valuable account. Suppose, therefore, the worst to happen that can happen—suppose the man for whose benefit the land was intended should not know how to value the boon conferred, still the land would find its way into the hands of other settlers. It would be cultivated and improved. One individual might take the place of another; thrift might come into the place of imprudence; but the country would be no loser by any number of such changes. It is by just such movements that a hamlet, or village, or town grows up, and if they were prevented by the interposition of artificial barriers they would really operate as a premium on thriftlessness and idleness. My strong conviction, therefore, is that whatever is given under the title now under consideration should be given absolutely. Even then you will have to wait a long time. Three thousand five hundred of these half-breeds are under ten years of age; for eleven years to come you cannot get a single acre from the market. One thousand five hundred more are in the hands of fifteen years of age; you have 250,000 more acres which cannot be disposed of for six years to come.

Is this not clear enough to impose upon the transfer of these lands? I am inclined to think it is. But I am bound to inform you that I apprehend my views will not be in unison with those of the leading men among the French half-breeds or their clergy.

But not only has the Governor General to decide on the mode of granting, he has also to fix the conditions of settlement, and otherwise, which are to be annexed to the grant.

This provision, it seems to me, will require great care. If you make your grants defeasible on certain conditions, the grants are practically absolute. No defeasance, so far as my experience goes, ever is or ever can be enforced.

Any attempt to forfeit on a failure to perform conditions is looked upon by those who suffer as a tyranny on the part of the authorities. That will be particularly the case where the sufferers constitute a large class. They will make common cause, and bring political pressure to bear in resisting the enforcement of the conditions. Practically, therefore, the defeasance might as well be omitted from the grant. If the views I have submitted were adopted by the Government, I see no necessity of any conditions as to settlement being insisted on. An absolute deed, entitling the party to convey, carries with it a corrective against the land remaining unsettled. Those who do not occupy, deriving no benefit from their ownership, will, as a class, be ready to convert their land into something they can use and will be sure to sell.

But if the other price you should obtain and you decide to tie up the lands by restraints upon alienation, then it occurs to me you should render settlement a condition anterior to, and a *pro quo* *pro* of, a grant—you should withhold the part of all the common is complied with. You should retain unappropriated portions of the lands reserved for the half-breeds, and grant them, only when the applicant had brought himself within the condition of settlement, which by the Act is impliedly intended as preliminary to his right. If this course were taken, a great many of the Half-breeds would never apply at all. One thousand of them are at this moment lying on the Prairies. They are hunters by profession, not farmers. Where the Buffalo go, they go. They could not bear the restraints which cultivation of a farm implies. They would rather forfeit their lots, than settle on them, if by settlement was meant, some degree of cultivation and improvement on the Lots.

I have not dwelt on the 5th Subsection of the 31st Clause of the Act of Manitoba, conferring power on the Governor General in Council—"to make provisions for ascertaining and adjusting on fair and equitable terms the rights of Common and rights of cutting hay, held by the Settlers and for the commutation of the same." I do not know any right of Common possessed by the Settlers, which does not come within the other right of cutting hay.

Formerly the settlers on the lots extending two miles back from the River, made their hay on the rear of their lots. When the rivers overflowed, as they formerly did in the spring, they left the parts at the rear of the surveyed lots, damp and wet, and there the crops of hay were found to grow profusely. Of late years the floods have ceased. The lands in the immediate rear are as dry, and the grass upon them as poor, as on the front lots.

Practically the hay in most parts of the settlement is now cut several miles from the River's edge and the privilege is to a large extent nominal.

When it was more valuable the Council of Assinibolia passed some regulations on the subject which you will find in the printed copy of the Laws of Assinibolia, which I sent you a few days ago. The 10th section provides that—"If any settler cut hay beyond the two mile line before the 1st August, he shall forfeit the same or the value thereof."

XI. "Any exclusive privilege of cutting hay between the two mile line and the four mile line shall be forfeited for the season as soon as the party entitled shall cut hay beyond the four mile line, and at all events, all such exclusive privileges shall be thrown open to all after the 15th August or two weeks after the commencement of hay cutting." And by an amendment made the 29th May, 1867, the 25th July was permanently fixed for the commencement of haying.

The Prairies are unenclosed. Cattle wander at their will all over them. The privilege of cutting hay, when there is hay to cut, is only an easement to be enjoyed for a fortnight. The changes in the action of the River in Spring, and the increase in the number of the cattle, continue to diminish the value of the privilege.

Of course the most will be made of this privilege, by those who expect to gain by it, but the information as to its value which I have given above is derived from the best sources.

At all events the privilege, whatever it is, must be compensated in
land, and there will be time enough to deal with that question on a future
occasion.

I have the honor to be

Sir,

Your Obedient Servant,

ADAMS G. ARCHIBALD.

The Honorable
The Secretary of State
For the Provinces.