

sumed to be ten millions and a half, of which five-ninths was assumed to be Ontario's share, and four-ninths Quebec's share. In other words, according to this assumption the debt of Ontario would be \$5,833,333; and although the principal of this debt was not payable except at our option, the interest chargeable against the Province was five per cent, which was a perpetual charge against

the Province. It must be remembered, however, that this ten millions and a half was merely an assumed sum. In a discussion in this Legislature the former leader of the Government, the Hon. J. S. Macdonald, took occasion to say that this amount was only an assumed amount, and the then Treasurer acquiesced in that view. Hon. members were aware that in the financial statement made by the then Treasurer in December, 1863, he took occasion to mention that this excess of debt was subject to a large reduction—a reduction which he estimated at to be found in the financial statement of the upwards of four millions. This reduction was made upon what appeared to him (Mr. Crooks) correct data. The figures were member for South Brant, made to the House in December, 1868. That hon. gentleman stated that as between the Dominion and the Province of Canada the public debt should be reduced by three large items—one against the Great Western Railway Company, the other against the Grand Trunk Company, and the third against the Northern Railway Company. The item against the Grand Trunk had no connection with the fifteen millions granted to that Company, but was in respect of equipment mortgages. These three large items were assets of the former Province of Canada. Of course he might go further and place against our debt every claim which could be recovered against the Dominion Government on account of the debt due to the country by the Grand Trunk and Northern. Both these Companies were large debtors to the former Province of Canada, although in regard to the Northern that debt had been postponed. Still he thought the advance made to the Northern need not be looked upon as entirely lost. In regard to the large advance of fifteen millions made to the Grand Trunk, although the interest was postponed under the Arrangement Act, yet it would become again a first lien upon the undertaking; and in connection with any new arrangement of the Grand Trunk, placing the debt in a more satisfactory condition, Ontario and Quebec, as representing this large amount were entitled to be considered. Whatever was to be finally done with that large debt of the Grand Trunk, this Province and the Province of Quebec were interested in it to a very large extent indeed. But he was going on to say that hon. members would be pleased further to learn that as against our assumed debt we had three special funds, about the value of which there could be no question, as a set-off. These were the Upper Canada Grammar School Fund, amounting to \$312,769, which was a living fund, bearing interest at 5 per cent; the Upper Canada Building Fund, amounting to \$1,472,391, which was also a living fund, bearing interest at 6 per cent. Then we had our five-ninths' share of the Common School Fund, amounting to \$914,246; this too was a living fund, bearing interest at 5 per cent. So that we had \$2,699,407 of productive funds as a set-off against what may finally prove to be the amount of debt we owe to the Dominion. But besides this we were entitled to the Municipalities Fund, representing \$302,533, Upper Canada Improvement Fund, amounting to \$124,685, and also our share of the value of the library of Parliament, amounting to \$125,541,—in all, an addition to the three millions already mentioned of upwards of half a million. Further, amongst the joint assets which under the British North America Act were declared to be the property of Quebec and Ontario jointly, we had, according to the distribution which the arbitrators assumed to make of these joint assets, the very large amount of nearly \$7,000,000, namely:—debt from the U. C. Building Fund, \$36,800; Law Society, U. C.; debentures account, \$156,015; Municipal Loan Fund indebtedness, \$6,792,136; Agricultural Society, U. C., \$4,000; and University Permanent Fund, \$1,220; in all \$6,990,171; so that assuming that this Municipal Loan Fund debt was to be dealt with this session, we were yet in a position to claim that in the final adjustment of the account of this Province with the Dominion, only a small sum would stand against us as our share of the excess of debt. It was scarcely necessary to state an amount until it could be absolutely determined what was the correct amount of the debt of the old Province of Canada on the 30th June, 1867. That being relatively our position with reference to our debts and assets, he would next invite the attention of hon. members to

a consideration of the sources from which we derive our income. These sources were to a certain extent fixed, or at all events sufficiently reliable as not to call for the exercise on the part of the Treasurer of any particular inventive ability as to ways and means. In this Province the Minister in charge of the finances had no opportunity of levying an impost upon any article. He could not even go so far as the Chancellor of the Exchequer in England, when he assumed to place a small tax upon matches. So that the Treasurer of this Province was relieved from any anxiety as to what article he would select to levy an impost upon. Our position in that respect was a very limited one, and was confined to licenses, law stamps, &c. It was quite beyond the authority of the Minister having charge of the finances in this Province to look around him for a new source from which to collect a revenue. Our sources of revenue were definite. The part of our income which could form the basis of a correct estimate was that derived from Dominion sources. Hon. members would recollect that from the Dominion we received two items, one specific payment of \$80,000 a year, and the other our subsidy, based upon the population of 1861. These two amounted to \$1,196,672. As against that the Dominion charged us with five per cent. interest on the assumed excess of debt, which amounted to \$291,666. But the special funds to which he had already directed the attention of hon. members, namely, the Upper Canada Grammar School Fund, the Upper Canada Building Fund, and the Common School Fund, were still retained by the Dominion Government, who paid us interest thereon at the rates which he had mentioned. The result of these accounts was that we were able to call upon the Dominion Government to pay us the additional sum per annum of \$149,694, so that as the result of our arrangement with the Dominion Government we were entitled to receive \$1,054,900. Then we had what was called the Consolidated Revenue Fund. The most prolific source of this income was that in connection with the Crown Lands Department. That Department, under the able and improved management of his honourable friend the Commissioner of Crown Lands, could be looked to to produce nearly one million. So far as the Crown and Grammar School lands were concerned, they could be looked upon as producing annually at least \$150,000; woods and forests, \$800,000; mining lands, \$50,000. The House would understand that this was ordinary income. This made one million dollars from the Crown Lands Department. The next item, the Municipal Loan Fund indebtedness, was one which of course would disappear in time. The hon. member for South Brant estimated the annual revenue from this source at \$100,000. Last year it yielded only \$70,000. He put it down in this estimate at \$50,000, which of course would disappear. Then the interest on investments he put down at \$200,000. Of course, as the amount invested was diminished by payments out of the railway aid fund and payments in connection with the proposed distribution amongst the municipalities, this source of income would also diminish. He took credit for it as a source of revenue for this year at least to the amount of \$200,000. Then for licenses he put down \$60,000. The actual amount received last year was greater. Casual revenue, \$20,000; Algoma taxes, \$6,000; law stamps, \$40,000; Educational Department, \$45,000; public institutions, \$20,000—making from what was called the consolidated revenue \$1,441,000 of income. Then there was a third source from which an income arose, which was called open accounts, embracing the Municipalities Fund, \$80,000; Common School lands, \$70,000; marriage licenses, \$35,000; in all \$185,000; making the probable income for the year \$2,650,900. In regard to the Municipalities Fund and the Common School Fund, these were simply set off against the expenditure for similar accounts. These amounts were paid into the treasury simply in order to be distributed the following year. In order that the House might understand why this amount might be looked upon as our normal income, he would ask them to refer to the estimates from 1863 to the present time. In 1863 the amount estimated by the member for South Brant was \$2,202,068; in 1870, \$2,710,000; in 1871, \$2,660,538; and Mr. Mackenzie's estimate in 1872 was \$2,624,064. He asked hon. gentlemen to draw from these figures the deduction that the permanent income of this Province might safely be placed at two millions and a half, even having regard to the items in respect of which reductions would be made. Having given hon. gentlemen an approximate estimate of the income for the years he had mentioned, he would now give them the actual receipts for these years, in order that they might test by actual results the correctness of the