

smallness of the amounts paid in, it became evident that the difficulty was not a want of power, but a want of will to pay. This had always created great soreness on the part of those municipalities that have paid from time to time, and they were led to feel that it was no use to pay, that those who did not pay were profiting by the omission, and that those who did pay were receiving no advantage from making the payment; and gradually those who paid in the first instance discontinued paying. He was sure the House would agree with him that this mode of proceeding on the part of many of the municipalities was most disgraceful to our country. The effect was to diminish the value of municipal securities generally, and the tendency was to corrupt the moral sense of the people with reference to public obligations. (Hear, hear.) He did not know anything which was more alarming to an upright man, or enlightened politician, or lover of his country, than anything that tends to corrupt the moral sense of the people in this way; and there was nothing that we could more abhor than a State repudiating its obligations; and we should watch carefully against anything that tends in the direction of the view that it is less criminal or dishonourable for a State to repudiate its obligations than for an individual to do so. The experience of the last thirteen or fourteen years, counting from the passing of the second of the two Acts to which he had referred, showed that these debts, though of the nominal value of over six millions, were not of a greater value than three million dollars. He believed that that was something of the value which was ascribed to them when the matter was before the arbitrators between Quebec and Ontario; but, however that might be, it was plain that that was what had been the practical value of this fund to the Province since 1859. He wished to mention a few figures to the House in order to show how that end was worked out. He had found that the average amount received since 1859 for the fourteen years had been \$150,000, thus representing the capital he had mentioned—three million dollars. The sums, however, had varied very much. In 1859 the amount received was \$152,000; in 1860, \$163,000; in 1861 it fell to \$120,000; in 1862 to \$86,000; then it went on increasing a little, and in 1868 the Government managed to collect over \$151,000; that sum was exceeded in 1869, when it was \$159,000; but in 1870 it fell to \$156,000, and in 1871 to \$38,000, and in 1872 \$43,000—not much more. These figures, capitalised at 20 per cent., would represent considerably less than a million of capital. He further called the attention of the House to the fact that without some change in the position of these debts, the amount of these payments would no doubt continue to diminish, from the growing sense that payment is unnecessary and also because the principal is being paid off by some of the indebted municipalities. Now, he believed that in dealing with this question the general feeling was that a liberal policy should be adopted. (Hear, hear.) The Government had considered the matter in that view. In adopting a policy of that kind it was well to remember that it was no use maintaining a nominal obligation on the part of the municipalities when we cannot enforce it—when it is merely a matter of book-keeping. In connection with that it is important, for the general considerations of which he had spoken, that these indebted municipalities should not be under a sense of owing money which it was their duty to pay, and which they were not paying. The effect of that was injurious to most of these municipalities, because it prevented population from flowing into them, and prevented men from improving their positions, and otherwise its effect was greatly adverse to the prosperity of all these localities. The problem which had to be solved was how to place the Municipal Loan Fund itself on a more satisfactory footing than at present. He would here show the House how some of the different municipalities had been paying off their indebtedness. For instance, the town of Guelph paid nothing from 1867 until 1872, and it has paid nothing since 1872; the city of London paid nothing from 1859 until the present time, with the exception of \$10,000 in 1865; Lanark and Renfrew paid nothing from 1866 to 1870; the township of Middleton paid trifling sums up to 1864; from 1864 to 1868 it paid nothing; since 1868 it paid nothing. Niagara paid nothing since 1865; the township of Ops paid nothing since 1864; the town of Prescott paid nothing since 1866; the town of St. Catharines paid nothing since 1859; and so on. The object before the Government was to place these debts on a more satisfactory footing and to relieve the sense of injustice which exists in the municipalities which have been paying; to offer at the same time some compensation to other localities

for whatever they forego in order to aid these municipalities; and further, what was quite as important as anything else, they had to set themselves to work to consider a mode by which to provide that in the future the remaining debts of the municipalities, whatever they may be, shall be paid. (Hear, hear.) Unless that was accomplished any statement that the Government might propose would be a mere delusion. Unless they could find some means of accomplishing that which was found incapable of being accomplished either under the Acts of 1856 or 1859 there was no use in making a statement. They would only pretend to start from a new point, when in fact they had no new point to start from. They had had to solve that problem, and they now were able to submit to the House a scheme for the purpose, which would be as little open to objection as any other and less open to objection than any other suggested by any one that he had heard, either in private or public. Now what were some of the suggestions that they had not thought proper to adopt? One proposal was that all debts incurred for railways should be cancelled. Well, now, just see what the effect of that would be. That of course would relieve a large number of municipalities, but the amount that it would involve would be enormous, and not only that, but many of the municipalities that incurred railway debts had been paying large sums upon them, while some had paid little, and some had paid nothing. Further, there were many parts of the country which have not benefited by these railways, but which were now building railways for themselves and giving bonuses to large amounts for the building of these roads; and it would be extremely unjust that municipalities incurring debts for former railways should have those debts paid by the Province, while the new portions of the country which built their own railways out of their own pockets should receive nothing. The House and the country would not have sanctioned their adopting that theory as a way of relieving some of those indebted municipalities. Another suggestion that had been made was that the Government should credit to those municipalities that were less able to pay, a sufficient sum either to put an end to the indebtedness altogether or to reduce it to a sum that would be within the competence of the municipalities to pay, and at the same time accounting to all the other municipalities in the Province for a corresponding sum in proportion to their population; but the effect of that would be that we would have to raise probably several hundred millions. He saw in the return brought down last year that one hundred millions would be involved; but even that, he thought, was under the mark, and the scheme out of the question. The question of the Province finding that sum was not to be thought of. A third proposition he had seen varied from that second plan in proposing that in connection with the credits he had spoken of an account should be taken of all the public money advanced to the various localities and for their benefit, or which had been expended in the various localities throughout the Province, whether for railways (including the Grand Trunk, Great Western, and Northern) or for gravel roads, or anything else on which money had been spent in the past. He was satisfied, however, that if the settlement of all these matters should be taken into account, and the several municipalities charged with these sums, as against the amount which ought to be allowed to them in order to place them upon an equal footing, it would involve a very large sum, and that the complications involved in it would make the scheme impracticable. He had made some attempt to work out a scheme on that principle, but had found it impracticable. He had considered not merely these three schemes of which he had spoken, but everything else which he had heard, or to which his attention had been called. His hon. friend the Treasurer, shortly after he (Mr. M.) came into office, had given him some valuable tables and information which he had been able to collect for the purpose of devising some scheme. He had had discussions with his colleagues from time to time and had received from them valuable suggestions. He had had a valuable table submitted to him, some time ago, by the member for South Ontario, and a very thoughtfully prepared paper by the hon. member for West Durham also; but all these merely dealt with a few of the considerations which it was necessary should be taken into account. Reference had been made, in connection with the preparation of this scheme, to the hon. member for South Brant. There was no one from whom he would be more delighted to have had a scheme propounded than from that hon. gentleman, knowing, as they all knew, his great ability as a financier, and the close attention which