

lected? Let them attempt to set the machinery provided in motion, and they would find that it would utterly fail. He deliberately expressed it as his opinion that while some of the municipalities could pay more than was proposed by this scheme if they chose to do it there was not one of them from which they could enforce more. Gentlemen on the opposite side might point out that municipalities ought to pay more, but the Government that they had supported had been unable to do better. In some cases the figures were large, but they were merely nominal, and the Government was really surrendering, nothing but a shadow, a name, an entry on the books. There were some municipalities that were now less able to pay than they were in 1859; and if the Government were to attempt to enforce payment there would be no settlement at all. What, he asked, was the measure of the capacity of any municipality to pay? Was there any rule ever recognized or adopted by the Legislature on that point? The question was one that had occupied a large amount of public attention. Municipalities sometimes, under extraordinary circumstances, taxed themselves very highly, but he had no hesitation in saying that the measure of taxation provided, that is two cents on the dollar, was as high as they could afford to pay. But if they imposed a tax of two cents on the dollar for the purpose of enforcing municipalities to pay their indebtedness to the Government, what became of all their ordinary expenditure?—they must provide for that. They must see what amount was necessary in all these municipalities to meet the expense of carrying on their local affairs; and in the few cases, which were not many, in which this could not be done without a tax of more than two cents in the dollar, they should make a larger allowance. Debentures which would require a larger taxation than that would never be good debentures in the market, and they would never have a satisfactory settlement of this matter unless the debentures were marketable. They wanted the debts of all the municipalities that were not covered by this scheme to be of such an amount that they would be able to pay them. He found that the following municipalities, after their debts were reduced by the 5 cent rule were unable to pay the amount of the taxation beyond the figure he had mentioned. Brockville, Cobourg, Chippewa, Dundas, London, and Niagara. These were the only ones to which perhaps it would be necessary to apply the rule. In the case of Brockville there would be a further reduction of the debt to \$563,371 94, but that town could not, without a taxation of beyond two cents, pay the amount of its indebtedness, even with that reduction. Of course the taxation varied from year to year, as the expenditure varied; and therefore he took one year, 1872, and he found from looking at the expenditure of that year that this town would not be able to pay without a taxation of more than 2 cents on the dollar by \$135,375, which would require a further reduction of \$26,375 72. The next place was Cobourg, where even a 5 cent rule afforded a great reduction, \$54,441 24, but they must make a further reduction of \$29,368 55, which would leave the debt \$69,500. The next place was Chippewa, the reduction of whose debt by the five cent rule would only be \$2,181, but he proposed to make a further reduction on the two cent principle by the sum of \$20,580, leaving a balance of \$3,318. The next place in order—Dundas—was very peculiarly situated in regard to its debt. He was utterly unable to comprehend how that town made the advance for the Desjardins Canal that it did. After the completion of that work the municipality appeared to be worse off than before. The value of the property of the place appeared to have diminished instead of increased by the expenditure that the construction of the canal involved. He found that Dundas had for several years taxed itself considerably over two cents on the dollar, and therefore he asked the House to wipe out the debt of that municipality altogether.

Mr. RYKERT—Wipe out Port Hope and Cobourg too.

Mr. MOWAT went on to say that the debt of Dundas was \$110,211 50 without any reduction at all. The next place was London, of which the whole debt on the 1st of January, 1873, was \$778,149 51. This he proposed to reduce to \$486,058 64. The next place was the town of Niagara, from whose debt the 5 cent rule would strike off \$382,312 60. The 2 cent rule would require a further reduction of \$70,107. The sum it could pay without going beyond the 2 cent rule would be about \$14,000. (Cheers.) In making these reductions he had overlooked political connection altogether. The town of Niagara held a good security for \$48,000, arising out of an investment of money borrowed from the Municipal Loan Fund. Of

course it would be quite improper that the municipality should retain this and only pay \$14,000. He therefore proposed to ask the House in this and similar cases to enact that the Governor in Council should require that the security be handed over to the Government.

Mr. RYKERT.—How about the money received by Brantford?

Attorney-General MOWAT said that he had thought a good deal about this, but the difficulty of working it out seemed to be so great that he had made up his mind, with some reluctance, that they would have to

abandon altogether the idea of taking into consideration the question as to what municipalities had done with the money they had borrowed. Some municipalities employed their money wisely, some had invested it so that it bore interest, and some had made such use of it that they were indirectly benefited by it. He hoped the House would bear in mind, what was very important to a right understanding of this matter, that the debts they proposed they should wipe out were sums that had never yielded the country anything. But while the municipalities which had borrowed from the Municipal Loan Fund had had their debts reduced so as to be manageable it was but right that the other portions of the Province which had been paying in those sums all the time should receive some compensation. This idea had been entertained from the very first; it was felt to be almost impossible to deal with this question without in connection with it dealing with the cases of those municipalities that were not indebted or, at all events, those that were not receiving any benefit from the Statute of 1859. He proposed that in the first place all municipalities not relieved by that statute should receive an allowance of \$2 per head. Then there was a further compensation which they thought it their duty to provide for.

Mr. RYKERT—Does that include those who have paid up regularly?

Mr. MOWAT—Yes, all but those whose debts have been reduced by the 5 cents rule. He did not know on what other principle they could get the benefit. (Hear, hear.) It was not a loss to them but to the Government. The public money had gone to them to make improvements at the expense of the whole Province, and he had not been able to see on what principle, which they could sustain before the country, they could give indebted municipalities the same allowance as the rest of the Province out of the funds they had remaining. But various claims were made by municipalities not benefited by the statute of 1859 with reference to the purposes to which they applied the money they got from the Municipal Loan Fund. Large sums were borrowed and put into railways. It has long been the policy of this country to encourage railway enterprises. Before the time of confederation large sums of money were contributed out of the Provincial chest for these purposes. Heavy amounts were given to the Grand Trunk, the Great Western, and Northern Railways, and so on. All these railways which had received benefit in this way had rendered, with others, great services in developing the resources of the country. When a final settlement was made of these matters an allowance should be made to those municipalities which advanced moneys to railway enterprises which did not receive in any other form public aid. In some cases the railways were aided by the municipalities taking stock in them, and in others by lending money for the construction of the roads. Such moneys were advanced on the assurance that the municipal corporations would not be called upon to pay these moneys. The idea was that the revenues which the railways would yield would enable them to pay the loans and dividends of stock. It would be remembered that the parties interested in the Northern Railway stated that the line would pay shareholders interest at the rate of eleven and a-half per cent. per annum, and it was under this impression that English capital had been secured for the building of the road. It was well known how entirely mistaken these parties were. Similar statements were made by other persons to corporations when applying to them for aid, and these corporations had received no direct returns from the moneys thus invested. At that time, when those municipalities aided railways, the best way of constructing them was not known—they cost a great deal more than now. The consequence of it all was that some municipalities were burdened with debts that they had no intention of being burdened with. Since Confederation the Government of the Province had aided railways. The administration of the late Mr. John Sandfield Macdonald passed a Railway Aid Act, under the provisions of which some