

lines received sums of money at the rate of \$2,000 a mile and others had received still larger sums. The Government proposed now, with respect to the railways built without any Provincial aid, to credit to the municipalities that had assisted them a sum equal to \$2,000 a mile of railway so aided, the said sum to be divided amongst the municipalities respectively in proportion to the amount of their contributions, and to be allowed to each as a payment at the date of its debt therefor being contracted. All of these railways were national undertakings. Many of these roads passed through municipalities that had not contributed anything toward their construction, and they also benefited portions of the country through which they did not pass. In giving this matter all consideration, the Government thought it a just thing that the allowance he had spoken of should be made. We have been receiving, since the construction of these roads, the benefits arising from them, and there should be some allowance made to the municipalities which had aided them. That portion of the money that had gone into these roads should be shared by the general public. Other portions of the country were receiving similar aid, and other portions would receive assistance in that way out of the public exchequer; and for the purpose of equalizing this money all round he made the proposal he had mentioned. It would be seen that he had referred to the circumstances which led municipalities to incur those debts, but he must also allude to the fact that their by-laws were always sanctioned by the general Government after enquiry into the expenditure proposed by those by-laws, so that the whole Province, through its Government, had been a party to the expenditure. He thought it would occur to no man of right feeling that those municipalities which contributed to the building of those roads should bear the whole burden of the expense to which they had been put, when we were at the present time aiding other railways. The Government therefore proposed to make a credit to those municipalities equal to \$2,000 a mile, and then to distribute that money among the municipalities according to the amount which they had contributed. The municipalities which had sums to receive, besides their debts to the Municipal Loan Fund being discharged, were: Bruce county, whose credit on this account would be \$35,092; Elgin county, \$23,534; Huron county, \$161,423; Bertie township, \$26,364; Brantford township, \$32,955; Canboro' township, \$5,735; Mculton and Sherbrooke, \$13,183; and others named in the schedule. After confederation, and before the passing of the Railway Aid Act of 1871, there were certain municipalities which would not be benefited by the statute 22 Victoria, and which had given sums of money by way of gift or bonus to railways or portions of railways which if not commenced prior to 7th of December, 1870, would have been entitled to aid under the said Act, and the sums so given were larger than might have been necessary if the said railways had received aid from the Province in the same way as the Act of 1871 provided with respect to railways commenced after the said date. The Government, therefore, deemed it expedient to make to these municipalities an allowance, as of the 1st January, 1873, at the rate of \$1,000 per mile of the portions of railways aided by the said municipalities respectively; such allowance to be divided amongst the said municipalities in proportion to the amount of their said contributions to the railways. It had been strongly urged by some of the deputations to him (Attorney-General) that the Government ought to take into account and make some allowance in respect of expenditure for other purposes besides railways; but the Government had done their best to make an equitable settlement of matters, and they had come to the conclusion that nothing could be done in that direction. They could not go into expenditure for local roads and such objects, and an investigation of that kind would be a tedious and unsatisfactory one. There were principles which applied to railways which did not apply to local benefits. Railways were almost always national undertakings—a thing which could not be said of other improvements. It was necessary to draw the line of distinction somewhere, and the Government had drawn it there. He proposed to ask the House to affirm this principle—that where injurious legislation, affecting the securities and position of a municipality indebted to the Municipal Loan Fund, had taken place without the knowledge or concurrence of the municipality, or against its active opposition, and in the interest or supposed interest of the public or of other parties, and has resulted either in no railway being built or in the building of a railway which has not advanced the local interests of the indebted municipality, it is

expedient, in view of such injurious legislation, to cancel the balance still due by any such municipality to the Municipal Loan Fund, after making the allowances hereinbefore provided for. The first case to which that principle would apply was the town of Prescott. That town was induced to advance a sum of money to the Ottawa and Prescott road upon the representation—an honest one, no doubt—that the railway would be able to pay the principal and the interest upon it. The sum of \$30,000 in stock was paid by the town, and an advance of money was lent to the company, taken out of the Municipal Loan Fund, for which Prescott became surety. Legislation was asked for in behalf of the company, which, if obtained, would have diminished the mortgage Prescott held. Prescott resisted that legislation, and the first time it was applied for the resistance was shared with the city of Ottawa, and it was successful. The agitation was renewed afterwards, and a Bill was introduced into the Legislature which had the sanction of some of the municipalities interested, but Prescott resisted it. That Bill was not carried, but another Bill was introduced and carried authorizing the sale of the road under circumstances which made it impossible for Prescott to save itself. Ordinarily municipalities took stock in railways from which they expected to be benefited. In this case Prescott expected that the road being built would be of great service to the town and it also expected to get the money by means of the mortgage held. The debt of Prescott would probably have been secured if that legislation he had alluded to had not passed, but the security had been wiped away notwithstanding the constant opposition of Prescott. Still, unless he had the other view of the case which he would now state, he would not recommend the doing away with the indebtedness of Prescott. He believed, as the result of his in-

vestigation—and that belief was shared by his colleagues—that the Prescott and Ottawa railway had been an injury to Prescott. He had done his best to come to a conclusion on the subject, and he believed that the case was as he had stated. The population of the town had decreased since the building of the road and the assessable value of the property had also decreased. It would be remembered that the junction between the Grand Trunk and that road was a considerable distance from Prescott, and did not appear to be of any corresponding advantage to the town in comparison with the loss of trade. Here, therefore, was a case in which the security of a town had been wiped away, while it had received no direct benefit from the road at all. If he could have seen that Prescott had derived any advantage from the railway he would not have recommended the cancelling of its debt. Besides the \$30,000 for stock in the road, private individuals had subscribed \$16,000, and a large sum was borrowed by the town from the Municipal Loan Fund, which it handed over to the railway, and practically became the guarantor. Under all these circumstances he certainly thought that Prescott should be relieved. There were some other municipalities which were in a similar position, namely, Simcoe, Wyndham, Woodhouse, Norwich, and Woodstock. There were reasons in respect to these municipalities which had not been applied to Prescott. If there was any difference it was in favour of these places. So strongly had all Governments felt that the debts of these townships should not be forced from them that nothing had been paid by them since 1859. It was by means of fraud that their debentures were procured in the first place in favour of the Woodstock and Lake Erie Railway. The money, by the conditions provided by the Bill, was only to be expended in case a sufficient sum was raised to build the road, but their money was spent without that being performed. A considerable amount of private stock had been taken, and, by the provisions of an Act which passed without the knowledge of these municipalities, the Legislature authorized all these private shareholders to give up their stock, and thereby almost the only security which remained to these municipalities was swept away. There was other legislation on the subject; and he would remind the House that all these matters were investigated in a suit in the Court of Chancery, and that that court decided that the debt was no longer binding upon the municipalities—that in consequence of their position being so entirely changed and their status so affected by the legislation their liability was altogether removed. That decision was afterwards reversed by the Court of Appeal, upon a ground which had nothing to do with the merits of the case. He then read the judgment of Vice-Chancellor Sprague in the case, which showed conclusively the fair-