

vince. He (the speaker) had looked over the tables the figures then made, and found that Mr. Baker's idea was to distribute according to population at the rate of one dollar and a half or two dollars and a quarter per head. By the one table it was shown how the sum of \$2,430,333, and by the other how the sum of \$3,645,600, could be distributed. The sum allowed by the scheme now devised was two dollars per head among the municipalities. The great difficulty was the Municipal Loan Fund debts, and with regard to these debts the great problem was how much of these debts could be enforced, and how much could be enforced that would be just. The municipalities that had not borrowed from the Fund had to be satisfied that the scheme did not do more than was consistent with justice; and the Government had also to satisfy those municipalities which had derived benefit from the Fund that there was to be given them that relief which, under the circumstances, it was only proper should be given. The scheme did not recognize a moral claim on the part of any municipality to be free from its obligations, and it was very important that the Government should recognize the principle that a municipality was morally bound to discharge its liabilities. It was of the most serious consequence to this country that there should be a high moral sense prevailing in the community with regard to this matter. It was a right sentiment that the country should view with abhorrence the repudiation of just debts by a person or a municipality. The position of the Municipal Loan Fund debt had had the effect of weakening the moral feeling of responsibility in regard to the payment of municipal indebtedness, but he hoped that the discussion that would take place on the subject would have the effect of removing the bad feeling that existed. The Government scheme was founded on the principle that municipalities were responsible for all the debts they had contracted, and he considered that the indebted municipalities should bear in mind that they were not only responsible to the Government but to the municipalities which had not borrowed from the Loan Fund. He then went on to again explain the provisions of the Government scheme, the first great reduction under which he said was the acceptance of the principle of the statute of 1859 as permanently determining the amount of liability. What the Government did was to assume that what the Governments in office for fourteen years had failed to do, it was useless for this Government to attempt to do. Some hon. gentlemen might object to this basis, but hon. gentlemen opposite could not do so, because it was their own friends who, for fourteen years, had failed to make the collections provided for by the Act of 1859. On some ground or other every indebted municipality had been relieved by the Government scheme. Notwithstanding the relief afforded by the Act of 1859, the municipalities had been allowed to run into arrear, and some paid nothing. Some of them were less able to pay than others, and the great question was to decide what was their paying ability. A great variety of feeling existed among municipalities, as among persons, on this subject. The Government had adopted the statutory provision on the subject. As strong testimony as it was possible to receive on any subject had been given to show that two cents on the dollar above school rates was, as a rule, within the paying ability of municipalities, and that they could not well pay more than that. As to the valuation of property, he said that it was impossible for the Government to send valuers into each municipality to re-value the property. It had been found impracticable to have re-valuations by a stranger. If the municipalities were not satisfied with their own sworn assessment they had themselves to blame. The Government could not attempt to remove all irregularities. The railway policy had made it necessary that some other provisions should be made in the Government scheme than the two rules he had already stated. In former years the Legislature aided the Grand Trunk and other railways to a very large extent, and the Government had thought the safest rule now was to grant \$2,000 a mile. Further consideration since the scheme was first brought down had led them to make an exception in favour of the Welland Railway, which was a short line, and, in fact, a national undertaking and a part of the Welland Canal, which had been built by the public money. The Government thought that some consideration ought to be had for those municipalities which voted bonuses before the passage of the Railway Aid Act. Of course these bonuses would have been less if the Act had been in force. How much less it was hard to say, but the Government had come to the con-

clusion that a vote of \$1,000 a mile would meet the case. Some municipalities claimed consideration because they had spent money in aid of railways which had benefited other municipalities which had contributed nothing; but he thought that the House would not be of opinion that the more careful and prudent townships should be deprived of the result of their action. The Government had not felt it possible to make any allowance in respect of gravel roads. There were gravel roads in most counties of the Province, and if the Government gave to some municipalities because they built roads other municipalities might complain; and then again, if an allowance was made to those counties that had built roads, it could also be claimed for those that had not built them, but who will yet have to do so. He would consider that the Government scheme would be utterly worthless unless it provided for the payment by the municipalities of the reduced debts, and he believed that this end would be secured by the system of debentures which his scheme proposed. After referring to the cases of Hops, Hamilton, and Goderich, he said that he believed that the new tables which had been revised under the kind superintendence of the hon. member for Brant were more correct than the old ones, but he wished the decision and action of the House to be upon the resolutions.

Mr. DEROCHE pointed out an error in the table which did an injustice to the County Frontenac.

In answer to Mr. Meredith, Attorney-General MOWAT said that the assessment of 1872 would be taken as the basis for the application of the two cent rule.

Mr. BAXTER called the attention of the Leader of the Government to the case of some municipalities which took stock in railways which had fallen through.

Mr. WILLIAMS (Hamilton) explained the case of the City of Hamilton, in connection with the Hamilton and Port Dover Railway.

Mr. WOOD (Victoria) began his remarks by alluding to the aid given by the Government of Canada to the Grand Trunk, Northern, and Great Western Railways. In 1852 the sum of £2,211,500 was advanced or guaranteed to the Grand Trunk Railway, and it was argued by the promoters of that road, by leading men in Parliament and out of it, and by the people generally, that in granting that sum we were only incurring a nominal responsibility, and that railways would pay the interest on the cost of construction. Subsequently the sum of £900,000 was granted, and in taking security in the Victoria Bridge it was held that the Province was really more secure than before. In 1851 or '52 the Government advanced the Northern Railway £475,000 sterling, or \$2,311,666; and this money as well as that given to the Grand Trunk had been lost to the country. In December, 1869, the Government agreed to accept in payment of the debt of \$4,441,529 on account of the aid given to the Great Western Railway the sum of \$3,297,545, thereby writing off the sum of \$1,143,984. This was in accordance with a recommendation made by the Privy Council. Further than that Sir Thomas Dakin, at the last meeting of the Great Western shareholders, claimed that by this arrangement he had been the means of saving the Company a quarter of a million sterling. The Municipal Loan Fund was created in 1854, and at that time great faith was placed in the statements that railways would pay the interest on the cost of construction. Acting on this view a number of municipalities borrowed from the Fund to aid railways. The sum of \$860,000 was loaned to the town of Port Hope, and that of \$800,000 to the united counties of Lanark and Renfrew. It was still then the opinion of the public generally that the new roads designed to be built would pay the interest on the cost of construction, for they had been told not only by railway contractors, but by leading men in and out of Parliament, that interest would be realized at 6 per cent. But their expectations were not realized, and the experience of any one municipality which had aided the new roads was the experience of the whole. The loans guaranteed by those municipalities they would not be called upon to pay, so it had been held, but the result showed how inaccurate those allegations had been. But the difference, so far as the Government and the people of this country were concerned, was that those sections of the country through which the Northern Grand Trunk and Great Western Railways passed were not called upon to give any security for the monies advanced, as the whole Province was responsible. On the other hand, the counties or towns through which the roads assisted by the Municipal Loan Fund passed, had in many cases become security for the repay-