

ment of the amounts advanced. There was a proposition now made not to enforce the pound of flesh—not to put the machinery of the law in motion to enforce payment in full regardless of equity, and it became a fair question for consideration what was equitable in arranging those liabilities. He assumed, as a fair proposition, that when a Government had aided roads passing through wealthy sections of the country, without any guarantee by those sections, and at the same time the Government had aided other roads running through other sections, no more, and, in many cases less wealthy, and has exacted security for such aid from these sections, and when the aid so secured had been given to roads developing the country to an equal if not greater extent than the roads to which aid was extended without security being taken, that an equitable adjustment must be based upon the amount of aid to all the roads, and not on the security given by the municipalities that had aided roads. The Government had seen fit to make no distinction between the two classes of roads he alluded to. The Midland Railway, for instance, during the last five years carried 344,486,000 feet of sawn lumber, 3,291,872 of square timber, and 75,146 of shingle timber, on which was derived a total revenue of \$303,269, and the tract of country tributary to this railway extended over fifty townships, or over 2,500,000 acres. If no distinction was to be drawn between the different roads receiving aid from the Municipal Loan Fund as to whether they were more or less in the public interest, and the same rule applied to all, he could not understand by what manner of reasoning the aid could be excluded that was given to the Grand Trunk, Northern, and Western, in adjusting the debts due by the municipalities on account of said railway indebtedness. The speaker then read a table showing the amount of aid given to the Grand Trunk, Great Western, Northern, and other railways, and the sums due per mile to each if aid were now to be given:—The Grand Trunk received \$7,215,000, the Great Western, \$1,143,984, the Northern, \$2,311,666, the Bytown and Prescott, \$300,000, the Brockville and Ottawa, \$1,354,000, the Erie and Ontario, \$300,000, the Galt and Guelph, \$80,000, the London and Port Stanley, \$455,400, the Midland, \$1,100,000, &c. The Government had come down with three propositions, and it had struck him that they might be divided safely under three heads—those of equity, law, and public expediency. Under the head of equity might be placed the \$2,000 per mile allowance; under that of law the Act of 1859; and under that of public expediency the extent to which municipalities should be aided. The result was that if the \$2,000 per mile relieved a municipality to a greater extent than the Act of 1859, then equity was allowed to override the law, and the Act of 1859 was not applied. On the other hand, if that Act afforded greater relief to a municipality than the \$2,000 per mile, then law was allowed to override equity, and the application of the \$2,000 per mile was not taken into consideration. Again, if the \$2,000 per mile and the Act of 1859 afforded greater relief than the two-cent rule, then law and equity were allowed to supersede public expediency, and the two-cent rule was not applied; but if the application of the two-cent rule afforded greater relief than the \$2,000 per mile and the Act of 1859, then public expediency was allowed to override both law and equity, and the two-cent rule took effect. The \$2,000 per mile principle he did not think was an equitable one, as it had apparently been based upon the aid given to the Grand Trunk and other old railways; but the cost of railway construction at the present time should have been taken into consideration, if it had not been, and the speaker referred to the cost of construction of the older railways. The Great Western cost \$70,340 per mile, the Grand Trunk \$74,683, the Northern \$56,411, the London and Port Stanley \$43,035, the Cobourg \$32,142, the Erie and Ontario \$17,647, the Ottawa and Prescott \$37,203, the Midland \$35,284, the Welland \$64,913, and the Brockville and Ottawa \$39,691. The second proposition was the worst of all; and the speaker illustrated this by taking the cases of two towns—one of which relieved a manufacturing company from taxation, erected a fine market and town-hall, etc., while another with equal, if not greater enterprise, aided gravel roads leading into the town, or a railway benefiting the whole country. The debt of the latter to the Loan Fund must be paid, and the circumstances connected with its expenditure were not taken into consideration. He was opposed to a division of any portion of the funds of the Province, because looking into the future he did not think the country was in a position to allow its division. Our surplus now was really only

\$2,723,756 56, exclusive of the Railway Aid and Drainage Funds. From a calculation he had made of the estimated receipts and expenditures of the Province for the next ten years, he found that our total expenditure annually would be \$2,701,650, and our receipts \$2,435,918, leaving a deficit at the end of that period of \$2,657,320, without taking into consideration the decrease in interest received from investments owing to the constant reduction of over a quarter of a million each year. At this rate we would ultimately have to fall back upon direct taxation, and the result would be the cutting down of grants to colonization roads, rivers and lakes not dredged, and locks not built. Assuming, however, that we were in a fair position to divide this \$2,700,000, he preferred that it should be set aside as a fund, the interest of which should be used yearly for common school purposes. This would be dividing the money according to population, with the difference that the gross sum would not be handed over at once, but the interest paid out for all time to come. In several of the States land had been set apart for school purposes. California had given 6,915,404 acres; Kansas, 3,027,386; Minnesota, 3,172,630; Nevada, 4,121,508, and Oregon, 3,465,786. If not applied for educational purposes, he would prefer that a railway fund should be formed, which would induce capitalists to invest in railway enterprises. He was also opposed to a division of the surplus on the ground that Parliament should have control over the expenditure of the public monies. He was also opposed to dividing the surplus according to population, because that was not an equitable method for the newer sections of country. If the older counties had been burdened in the past they have received benefits in the shape of railways, harbours, public buildings, &c. It might be said that large sums had been spent in colonization roads, but only a small amount per mile was given, and that expenditure had added to the value of the Crown lands. Dividing the surplus according to population would be unjust, not only between the old and new counties, but between the older counties themselves. Good land and dense population resulted in first-class school-houses and churches and low taxes; poor land and small population in poor school-houses and churches—in many cases the same buildings being used for both purposes—and high taxes. While admitting that timber dues and Crown lands belonged to the Province as a whole, and that the profits arising therefrom should be expended in the interest of the people generally, the division of the proceeds of the back country's domain between municipalities could not be justified. He had advocated the sale of the Huron timber limits, having regard to the settlement of that district; but should it turn out that the sale had been consummated in order to enable the Government to divide the \$2,700,000, it would not suit the views of the people in the new sections of the Province. He regretted that he, as a Reformer, should have to take antagonistic ground against the Government in the Municipal Loan Fund Resolutions, but his views were such as he had given expression to, and they were the views of a large majority of his constituents, and he would probably make some further observations before the debate on the resolutions came to a close.

Mr. RYKERT said that he had always taken the ground in this House that the distribution of the surplus and the settlement of the Municipal Loan Fund indebtedness were all that was to be desired in improving the navigation. It was in the public interest that the lumber should be brought as near the front as possible by water navigation.

Mr. FAIRBAIN thought it was a cool application on the part of Victoria county to ask for a grant of \$25,000.

Mr. WOOD replied that that application came from Ontario county, and when the memorial was submitted to the Council of Victoria they struck out the amount and left the amount to be given at the discretion of the Government.

The item was then passed, as were also the following:—To defray the expenses of works at the lock between Mary's and Fairy lakes, \$20,000; expenses of works at the Ryerson road, re-vote, unexpended balance, \$1,822 04; expenses of drainage works, \$44,279 41.

On the item of \$12,080 73, expenses connected with the Settlers' Homestead Fund, re-vote, unexpended balance.

Mr. CAMERON asked for explanations.

Hon. Mr. McKELLAR explained that the work now under contract would have to be completed, but after that he should recommend no further appropriation, as the return did not warrant it.