

disposed of forever.

Mr. DEROCHE pointed out a mistake in the figures of the new tables representing the population of Lennox and Addington.

Mr. MEREDITH enquired whether a debt due in 1872, but not paid, and which the rate imposed for that year was unequal to meet, will be reckoned as part of the ordinary and necessary expenditure of the year.

Hon. Mr. MOWAT said that London, while already indebted to the Municipal Loan Fund, having voluntarily incurred a new liability, no exception or allowance could be made in her favour. It would not be just to the rest of the Province that any allowance should be made to London, in consequence of her new liability.

Mr. MEREDITH enquired whether the assessment of 1872 would be taken as a basis of settlement under the two cent rule.

Hon. Mr. MOWAT replied in the affirmative.

Mr. BAXTER could not approve of the Government's scheme. It operated very hardly in a great many cases. (Hear, hear) Hamilton and Berlin had been specially favoured in respect of the Preston and Berlin Railway, and the same principle should be applied all round. For instance, Caledonia took \$40,000 in a railway in 1856. The road was nearly completed when the Company failed, and the entire sum was lost to the municipality. He thought, therefore, that Caledonia should be treated as well as Hamilton and Berlin.

Mr. WILLIAMS said Hamilton had suffered equally with Caledonia.

two entirely separate and distinct matters, and that with our present lack of information with regard to our financial position, they were questions with which they were not yet prepared to deal. Our debt to the Dominion Government had been pronounced by the award of the arbitrators to be about \$6,000,000, and we had for a long time looked upon the Municipal Loan Fund debt as an asset in our hands by which we could wipe out that \$6,000,000. The amount due by us was, however, not certainly known, nor were we entirely aware of the amount of our special fund, and until these matters were settled no steps should be taken with respect to the distribution of the surplus at present to the credit of the Province. He also took the ground that the \$2 per head should not be distributed yet, and he concurred in the remarks of the member for South Victoria, that the principle of distributing the money in proportion to population was not a just one. The surplus was a legacy left the Hon. Attorney-General by the Hon. Edward Blake, and had it not been for the political aspect given the question by that hon. gentleman the House would have confined itself to-day to an attempt to settle the Municipal Loan Fund question. He (Mr. Rykert) had opposed the scheme of Mr. Blake because he had felt that it would not do justice to all parts of the Province, and he opposed the scheme of the Hon. John Sandfield Macdonald, because he felt that they were not in a position to distribute the surplus, our finances not yet having been adjusted. On the latter ground he opposed the present scheme. He would not speak upon the question from a St. Catharines or from a Lincoln point of view, but he would speak of it as it affected the whole country. Gentlemen on the Treasury benches did not understand what was the financial position of the Province, otherwise they would not, with one stroke of the pen, attempt to wipe out the modest sum of \$13,861,000, simply for the purpose of gratifying the ambition of a few men who mixed up the question of distributing the surplus by population with that of settling the Municipal Loan Fund indebtedness. They found themselves to-day in the position of having a revenue which was not equal to their expenditure. It was true that by the ingenuity of the Treasurer they were led to believe that the revenue for the present year would amount to about \$3,100,000, and the expenditure to about \$2,700,000. He would not charge the hon. gentleman with having wilfully made a misrepresentation, but he would say that he had brought down the estimates before he had properly studied our financial position. They could see how the hon. gentleman was going to get his revenue by referring to the first item in his financial statement, which was the money the Province had in the Bank—\$352,991 24. But taking the hon. gentleman's own figures, they had, including the money in the Bank, \$3,043,891 as the revenue for the year, and \$3,270,013 as the total amount that would be required to carry on the affairs of the Province for the same period. This would leave a balance against the revenue of \$226,122. But in this calculation was not included the sum that had been voted for

drainage. They had, by resolution, provided for the expenditure of \$200,000 in the purchase of debentures at present lying in the House, and which were the property of municipalities desirous of obtaining money for drainage purposes. They had also adopted a resolution by which another \$200,000 was set apart to pay for drainage works, some of which were to be completed this year, and some of which were already completed. It was true that these debentures would bring them in a certain amount of revenue, yet they must know that all they could expect from this source for twenty years to come would only be \$12,000 a year at the outside. Adding this \$400,000 to the \$226,122 they would have a balance of \$626,122 over the year's revenue. But the hon. Premier knew that he could not sell the debentures at a less discount than 20 per cent. The amount they were to receive from the municipalities according to the Premier's scheme was \$2,500,000, and the amount they would have to pay municipalities would be \$3,253,660. This would leave another difference against the surplus of \$753,660; where then was their great surplus? He was prepared to prove that under the Premier's scheme there would be only about three quarters of a million of dollars of a surplus on hand at the end of the year. They knew that they owed about \$6,000,000 to the Dominion of Canada, and their special funds would not amount to more than \$2,750,000. Looking at our financial position he could not believe that they ought to support a scheme of such magnitude as this, and one involving so many complicated questions. He maintained that the House had not sufficient information to warrant them in dealing with these questions. Comparing the scheme now before the House with that which had been submitted a few days ago he found that the latter had been materially altered. They found a difference of about three quarters of a million of dollars in the money to be paid away to municipalities. They found also that so far as the valuable assets of the Municipal Loan Fund were concerned there was a difference of about \$2,350,000. They found, further, that the names of ten or fifteen municipalities had been introduced into this scheme which were not mentioned in the original schedule. This showed that the Government was not prepared with all the information that was required when the scheme was laid before the House; and what guarantee had they that the Government had full information then? He thought the only way in which they could get all the information they required was by having a full investigation into the affairs of every municipality. While singling out the railway question for his guidance, the Premier entirely ignored other improvements which he (Mr. Rykert) thought he ought to consider. The Municipal Loan Fund Act provided that a certain sum of money should be advanced to each municipality, in accordance with its assessment, to be used in building gaols, court-houses, and railways, improving navigable rivers, constructing water-works, gas-works, sidewalks, macadamized roads, &c. Another provision of the Act was that all revenue derived from the investment of money borrowed from the fund should be paid in to the Receiver-General; but no instance could they find—with the exception of Dundas, that had paid in a few thousand dollars—in which this provision had been complied with, or in which the Government had attempted to enforce it. Another provision of the Act, and one which he considered a very unjust one, was that to the effect that when there was interest in arrear it should be added to the principal and compound interest charged. In some cases this compound interest amounted now to one half the sum originally borrowed. Farther than this, the Act of 1859 declared that after that year only five per cent. interest should be charged, but they found that the Government had ignored this provision and were charging six per cent. up to 1861, and compound interest upon all arrears. It was also provided by the Municipal Loan Fund Act that no municipality that had borrowed from that fund should contract additional debt without the consent of the Government. This provision was not enforced either, and they found that after a certain time municipalities which could not pay the interest according year after year had their debts reduced by what, capitalized at five per cent., they would amount to. These municipalities were also ignored under this scheme. In the Municipal Loan Fund Act there was a safeguard which, if it had been observed, would have prevented municipalities borrowing so much as they did. It provided that the by-laws under which money was borrowed from the Government should state the object for which it was to be used. They did, it