

Provinces would ask an equivalent, he said this was preposterous and inadmissible. Ontario and Quebec do not ask this as a grant or a favor. We claim it as a right due to us by the Dominion, including the other Provinces, for which they have received full value. They have had the use of our money for twenty years. All we claim is that for the use of that money interest at five per cent. shall be added yearly to the balance at our credit—bearing interest. Ontario will never consent to bribe the other Provinces with her own money to secure her just rights. If any idea of opening a way to make grants to the other Provinces at our expense is at the bottom of this strange proceeding, I can only say for myself—and I think I express the sentiments of the people of Ontario—I would not accept our claim upon such conditions. Now, Mr. Speaker, my justification for referring to this question at such length is that it is a serious question for Ontario. It involves a difference of nearly a million dollars to the Province. The difference according to the new accounts submitted, as they make them up on their plan of five per cent. simple interest, shows a loss to the Province of \$857,000 as compared with their own accounts as formerly rendered. Ontario will never consent to this injustice. She has right, justice and equity in demanding that the agreement of 1882 should be carried out in good faith, and I very much misjudge the people of Ontario if they do not unanimously, irrespective of party, insist on its fulfilment. But, he asked, if, after all, the Dominion was not legally bound by the agreement of 1882, why should they ask us to accept simple 5 per cent. when 6 per cent. was the legal rate where no law existed for another rate? If the Dominion Government considered that the Provinces were liable to pay 6 per cent. on sums in arrears due to individuals, was not that Government liable to pay to the Provinces 6 per cent. on sums they had withheld from them? If we had to submit, it was only because the old law that "might is right" occasionally obtained. Continuing, Mr. Ross said:—

Although this extraordinary position taken by the Finance Minister has prevented a final settlement being arrived at, still SOME PROGRESS HAS BEEN MADE towards it. I may say we have practically settled the old Province of Canada account. I have previously informed the House that the Treasurers contended that the effects of the Acts of 1873 and 1884 was to cancel the surplus debt of \$10,506,088 with which Ontario and Quebec had under the B. N. A. Act entered the Dominion, and upon which we had been charged interest; in other words, we contended that the Dominion by those Acts assumed that surplus debt as at the date of Confederation. The Act of 1873 assumed the principal, the Act of 1884 gave us the interest. It was agreed at the conference that our contention should be carried out in the accounts and that the debt with which Ontario and Quebec jointly should be entitled to enter Confederation should be placed in the accounts at \$73,006,088 instead of \$62,500,000 as in the former accounts. As the amount of liabilities assumed by the Dominion according to the balance sheet of 1st July, 1867, was only \$72,234,587, the old Province really in the amended accounts enters Confederation with a credit balance of \$771,501 82. This arrangement simplified the settlement very greatly. As the Dominion, having assumed all the sums charged against the old Province up to 1873, the Provinces had no interest in examining into their correctness. We therefore accepted them as correct and proceeded to the examination of the charges from 1873 to the present time. Some corrections were made, and this branch of the accounts with the exception of four or five items, was settled and agreed to by all parties. I am sorry that the negotiations that were opened with Quebec for an arbitration to adjust some matters in connection with this settlement in which the two Provinces have adverse interests, have fallen through for the present. It appears that some misunderstanding has taken place as to what was understood at a personal conference with Mr. Mercier and his Treasurer. Mr. Mowat, myself and other members of the Government, understood that the land improvement fund particularly was to be referred, as well as the interest on the Common school fund and other matters. Mr. Mercier, it appears, understood that the interest on the Common school fund only was to be referred. To show clearly what our understanding was, it was announced to the House last session that the land improvement fund was to be referred, and we took power in the Act providing for the arbitration to refer this question and all other

matters. Mr. Mercier only asked from his Legislature power to refer the Common school fund. It is unfortunate that this difference has arisen, as it would be much better to settle all these matters by a friendly arbitration than to have recourse to law. As Quebec has refused to arbitrate, I think the Dominion should credit the amount to Ontario and charge the old Province of Canada, as I requested them to do three years ago, leaving Quebec to contest the charge, if so inclined. The Dominion has in other matters assumed to settle claims against the old Province of Canada without reference to the Provinces, and I think she would have a better justification in this, the equitable claim of the municipalities being so strong. Coming to other matters, he said he supposed the House would be pleased to learn that the Province had been successful, so far, at any rate, in its

SUIT WITH THE INSURANCE COMPANIES to recover the losses sustained by fire at the London Asylum last year. The House was informed last session that of the companies interested 24 resisted, while only two acknowledged the liability, and judgment had been given in favor of the Province. Most of them were aware that in accordance with the announcement made last year all policies were allowed to expire. Since then fire had taken place at the Agricultural College, which had involved the Province in a loss of \$20,000, and some might think that the action taken was not justified or profitable. But they had an experience of seventeen years in insurance before coming to that conclusion. During those seventeen years they had paid in premiums \$133,834 and had only received \$77,983, and there was a balance of profit to the insurance companies of \$55,851. He thought that an experience of 17 years was a pretty fair test, and it clearly demonstrated that for the Province insurance was unprofitable. He would not for a moment say that it was not wise for an individual to insure, but the Government, having its risks scattered over the whole Province here and there, was not in the same position. No loss the Government could sustain by fire would involve ruin, as it might in the case of an individual. Therefore they had undertaken to run their own risks. Several large mercantile establishments did it on the same ground—that they could afford to take the risk just as well as the insurance companies could. If this Government had renewed their risks they would have had to ask the House for a vote of \$32,000. Then he found the majority of the States of the Union generally insure their own public buildings, and he instanced among them Michigan, Main, Illinois, Indiana, New York and Ohio, and he thought the experience of the Province had justified the course they had taken. Coming to the

ESTIMATED EXPENDITURE for the present year, for civil Government they asked \$212,045. It was an increase apparently of \$13,000, but hon. gentlemen would see the expenditure was transferred from agriculture to civil government, comprising the salaries and expenses of the staff of the Minister of Agriculture, formerly called the Bureau of Industries. He was now a Minister under the civil government, and it was proper to transfer the expenditure to civil government. Then for legislation they asked \$120,050, against an expenditure in 1888 of \$127,030. They were making a reduction, it would be seen, in connection with sessional writers. As to printing bills, there was some little increase in that. That was something they could not control, unless a member were only allowed to make one amendment to the law in each year. Then for administration of justice they asked \$365,316, against an expenditure last year of \$373,398. For education the expenditure last year was \$579,465. On account of litigation they spent \$21,193, whereas they only estimated \$12,000. This year they asked \$588,872. They had to put something in for that purpose this year again. For public institutions' maintenance they asked \$736,084, against \$721,602 expended last year. He had already referred to the increase which had taken place from year to year in that connection. Then for immigration they were only asking \$6,850. Last year they expended \$6,952. For agriculture they estimated \$142,287, against an expenditure last year of \$137,054. The increase in this case was in connection with the Experimental Farm and the loss caused by fire last year. The remainder of the items presented little occasion for comment.

ESTIMATED RECEIPTS. The speaker then discussed his estimate of the receipts for the coming year, which are as follows:—

ESTIMATED RECEIPTS.	
Following are the estimated receipts for 1889:—	
Subsidy.....	\$1,196,872 80
Interest on capital held and debts due by the Dominion to Ontario.....	\$279,111 10
Interest on Investments.....	50,000 00
	329,111 10
Crown Lands Department—	
Crown lands.....	\$ 83,000 00
Clergy lands.....	5,000 00
Common school lands.....	10,000 00
Grammar school lands.....	2,000 00
Woods and forests..	1,000,000 00
	1,100,000 00
Public Institutions—	
Toronto Lunatic Asylum.....	\$ 38,500 00
London Lunatic Asylum.....	10,000 00
Kingston Lunatic Asylum.....	3,500 00
Hamilton Lunatic Asylum.....	7,000 00
Orillia Lunatic Asylum.....	1,400 00
Reformatory for Females.....	4,000 00
Reformatory for Boys.....	700 00
Central Prison.....	32,000 00
Deaf and Dumb Institute.....	150 00
	97,250 00
Education Department.....	22,000 00
Casual revenue.....	34,000 00
Licenses.....	260,000 00
Law stamps.....	75,000 00
Algoma taxes.....	3,000 00
Drainage assessment.....	20,000 00
Municipal loan fund.....	850 00
Toronto Asylum lands.....	185,000 00
Insurance companies' assessments.....	3,000 00
Assessment of counties re removal of lunatics.....	6,000 00
Total.....	\$3,332,083 90

It was possible, said Mr. Ross, that the Dominion might reduce the interest paid by it to Ontario, but otherwise the first items would be unchanged from previous years. The Commissioners of the Crown Lands Department authorised him to estimate \$1,100,000 from that department, in which he believed there would be \$140,000 of unpaid bonuses of 1887. The receipts from the Education Department were estimated at less than those of last year, because of the transfer of the examinations of candidates to committees. This would be a saving of expense, but would cause a slight decrease in the Government's revenue. In the matter of licenses the estimate was put at \$260,000. Of this amount \$240,000 was expected to come from old license districts, and the other \$20,000 from any of the counties in which the Scott Act might be repealed during the year, it being reasonable to count on something in this respect in view of the incidents of last year. The income derivable from the sale of asylum lands, it might be urged, should not be counted as ordinary expenditure, but he thought the House would permit the advisability of this in view of the fact that the money was to be applied in the manner mentioned earlier in his speech. The total estimated receipts amounted to \$3,332,083; the total estimated expenditure to \$3,211,912 55, leaving a balance of \$120,165 35 on ordinary expenditure. But in addition to this the Government had to pay \$247,982 on account of railway certificates, and \$54,200 on account of annuities, which would, taking only the above figures into account, leave a deficiency in the revenue of \$180,017. They must, however, bear in mind the deposit of \$628,944 in the banks. If this suggested deficiency were prevented by taking the necessary amount from the deposit there would still be left a deposit at the banks of \$448,927 to the good in cash. "Now, Mr. Speaker," continued the Treasurer, "I have presented to the House a financial statement of the year and of the anticipated transactions of the future. We have for a good many years heard annual homilies upon the necessity of stringent economy, and predictions that the Province was rapidly noaring, if it had not already reached a position when it would have to borrow to meet its ordinary expenditure or resort to direct taxation. We have recognised the necessity for economy and have accepted in good part the rather gloomy and dark-colored pictures of approaching ruin, which no doubt with the

predictions have been held up to us as a warning. We have, perhaps, sometimes thought those pictures, overdrawn, and that the inauguration of the senior member for Toronto has sometimes depicted these with a grotesqueness worthy of the pencil of a Dore. We confess that we have ourselves frequently felt a good deal of difficulty in resisting the demand for new expenditures pressed upon the Government