

they will learn, if they peruse the debates of twenty years ago, that the yearly payments to be made in aid of railways were never intended to be taken out of present balances of assets, but that they were to be deducted as they became due from the receipts of future years. And this is exactly what has been done. Keeping in mind what I have said as to our issue of annuities, I can best support my position by quoting from a speech delivered by the Hon. Edward Blake when the House was in committee on the railway resolutions, and reported in THE GLOBE of February 23rd, 1872. Mr. Blake said:—

All that was wanted was to create the fund. Not a shilling of it could be spent without the sanction of the House. The Government did not consider the addition of \$400,000 sufficient, and therefore the question they had to consider was the best way most consistent with the preservation of the surplus to provide a sum sufficiently large to enable the Government to carry out the spirit of the Railway Act. They considered that the plan of granting an annuity of \$100,000 a year for twenty years was the most economical and satisfactory plan that could be devised. The special funds of the Province alone would more than pay the \$100,000 a year without touching the surplus.

This one extract of itself, taken from such high authority, it seems to me, proves conclusively the truth of our contention.

THE \$500,000 DOMINION BONDS.

The last item of our receipts to which I will refer, namely, \$500,000 received from the Dominion Government, calls for some special remark. Our expenditure for the year included, as I have said, some very large items, special and exceptional in their character. We paid, for example, \$100,000 to Toronto University, being part of the \$160,000 unanimously voted to it by the House to assist in restoring the building, which was partially destroyed by fire. We also paid \$47,115 to the municipalities on account of the land improvement fund, and \$32,750 to county houses of refuge. We loaned \$63,000 to different municipalities on drainage debentures. The sum given to the university I might call an emergency expenditure, the first, and we sincerely hope the last, of the kind ever to be made by the Province. The payment to the municipalities on account of the land improvement fund is an advance made for their benefit and relief, for which the Province will be recouped when the open accounts between the Dominion and the Provinces are adjusted. The payment to the county houses of refuge is also new and exceptional. Our expenditure on capital account on the new asylums at Orillia and Mimico and on the new Parliament buildings was also exceptionally large, reaching in all \$368,937. Because of all this extraordinary outlay we asked the Dominion Government to make to the Province a payment on account of the debt due us. The matters in dispute between the Province and the Dominion have been narrowed from time to time, and there is admittedly a large sum due us. Our request was met in a friendly, business-like way, and we promptly received from the Dominion \$500,000 in 4 per cent. bonds, which we disposed of at par. We disposed of them at par without paying a single dollar by way of brokerage or commission.

While on this subject I may say that for obvious reasons we have made but little further progress in the settlement of our accounts with the Dominion.

I am glad to say, however, as I said last year, that there is no attempt in any quarter to defeat or postpone a settlement. When the present disturbed condition of affairs at Ottawa and Quebec comes to an end, real and, I have no doubt, satisfactory and rapid progress in the direction of a full settlement will be made.

THE LIQUOR LICENSE FUND.

Our receipts for the year from liquor license fees amounted to \$298,184. Our estimate was \$300,000, and not \$310,000 as it was printed owing to a clerical error. The number of licenses issued during the present license year was 22 less than that during the previous year, and in all

probability there will be a somewhat greater reduction during the current year. The Province took to itself control of liquor licenses in 1876. Since that date it has received as net revenue from licenses \$2,630,515, or \$164,407 per year. It has paid to the municipalities during the same period \$3,885,922, or \$242,870 per year. The municipalities have therefore during the last sixteen years received on an average \$78,463 more per year than the Province from this source.

Mr. Clancy—But you took more from the municipalities.

Hon. Mr. Harcourt—I am speaking of the fact as it is found—of the record as I find it. The temperance people, I would say to my friend, have time and again expressed their belief that it would be better for all concerned if the municipalities got nothing from licenses. (Applause.)

In answer to some press criticisms arising out of complaints made by a few municipalities as to their share of the license fees, I last year pointed out that the municipal revenue from licenses had during recent years been steadily increasing; also that their percentage of increase had been more than double that of the Province.

Without question, in our larger cities licenses have become much more valuable to the holders year by year, and it may be that the time has now come when we should consider the propriety of raising the fee and thereby increasing our revenue.

The fees paid in some of the American cities are considerably larger than those we exact.

It has never been considered inappropriate that the State should ask the dealers in liquors as well as the consumers to contribute to the cost of government.

If the liquor traffic is only one-half as responsible for the serious cost incident to the administration of justice as some allege it to be, then these licensed duties which we are discussing might be measurably increased. It will be remembered that nineteen municipalities, availing themselves of our license legislation of 1890, passed local option by-laws for prohibiting the sale of liquors by retail.

Our act of 1890 (53 Vic., chap. 66) simply restored to the municipalities the powers they formerly possessed, re-enacting as it did provisions which were in force at the time of Confederation as a part of the Consolidated Municipal Act, and which were also contained in the Tavern and Shop License Act of 1868, but which were afterwards omitted in subsequent consolidations of the Municipal and Liquor License Acts, similar provisions as to local prohibition being contained in the Temperance Act of 1864 (Dunkin Act), which act had been repealed, where not in force, by the Canada Temperance Act.

The validity of the clauses of our statute on which the local option by-laws were based being questioned in the courts, Chief Justice Galt quashed some of these by-laws, and held that the Legislature had no authority to empower the municipalities to pass them.

Our act of last session respecting local option (54 Vic., chap. 46) explained the act of the preceding session and provided for a reference of the question of its validity, construction and effect to the Court of Appeal for Ontario, under the authority of the act for expediting the decision of constitutional questions. The opinion of the Court of Appeal was given in September last. Chief Justice Hagarty, after reciting that the municipalities had from an early date, at least as far back as 1849, the power to regulate tavern licenses and to limit their number; that section 249 of the act of 1866 contained a clause identical with the prohibitory clause (clause 18) of our act of 1890; that a similar clause in like terms is found in the Tavern and Shop License Act of 1869; that it was omitted in the act of 1874; that municipal institutions are in the class of subjects within exclusive Provincial regulation; that in our act we expressly disclaimed any exercise of jurisdiction beyond the revival of provisions in force at date of Confederation; that clause