

been advised that if interest was withheld by the Dominion the proper course would be to take action against it in the Exchequer Court for interest due, and that would open the whole question as to what the amount of interest should be. They had not come to that point yet, but the Dominion had been given a clear intimation that the Province would insist on its rights. The correspondence ended with a letter from the Premier, dated Jan. 8 last, in which it was stated: "That the Dominion is not in a position to terminate its trusteeship by the payment over to Ontario of the trust funds in question, and that the rate of interest, 5 per cent., was not susceptible of modification without the consent of Ontario." The Premier said he understood that a similar intimation had been sent by the Dominion to the Premier of Quebec, and that Province had taken precisely the same grounds as the Ontario Government.

Cost of Temiskaming Railway.

The Premier then referred briefly to some of the projects which they had on hand for the current year in order that hon. gentlemen might see that they did not propose to lead a life of idleness. The largest work on hand was the construction of the Temiskaming Railway. After showing what progress had been made on that road, he stated that the Commissioners had informed him that the probabilities were that by October 1 trains would be running regularly from North Bay to New Liskeard. Trains were now running three times a week from North Bay to the 57th mile, and from that point to the end there was a stage line. It was a matter for pride that all the supplies needed for that road, with the exception of the rails, had been purchased in Canada, and the same could have been said for the rails but for the difficulties at the Soo. The rails had been purchased in England, although they could have been procured at slightly less cost from the United States. The road had been constructed at a remarkably low figure. The cost of construction was estimated at \$25,000 per mile, while the equipment would be in the neighborhood of \$5,000 per mile. It must be remembered, too, that the rails used were much heavier than those ordinarily used, being 80 pounds to the yard. Moreover, the commissioners, with the cordial approval of the Government, had decided that the grades should be easy. This would be most important should the road be pushed forward, as the Government hoped the House would authorize, to a point where it would intersect the projected Grand Trunk Pacific Railway. Compared with other roads, he thought the commission deserved thanks for the very economical and judicious management of the construction. The Canada Atlantic, 437 miles, cost \$47,000 per mile, and it was a much easier road, and built when supplies were cheaper; Canada Southern, 373 miles, \$85,510 per mile; Canadian Northern, 1,248 miles, \$37,660; Canadian Pacific, 3,838 miles, \$52,100; Grand Trunk, 3,157 miles, \$105,800; Intercolonial, 1,333 miles, \$51,000; Quebec & Lake St. John, 241 miles, \$58,100 per mile.

Temiskaming Line Extension.

Surveys had been made for an extension of the road eighty miles north, and the plans were almost ready for the letting of contracts. This would carry the line to within 150 or 200 miles of James Bay. "Whether James Bay may be considered to be the objective point of this railway remains yet to be seen," said the Premier. "That may not be built in my time, but there will be enterprising men in this House, and the time will surely come when there will be direct connection with that greatest of inland seas."

The attempt to float the bonds for the construction of the road at a time when there were many "undigested securities" on the market was then referred to by the Premier, and the reasons why the tenders on a basis of 4 per cent. were declined. They had then endeavored to secure a short-term loan in England with the assistance of Lord Strathcona, but the price quoted was

no better than that at which they could secure the necessary money from Canadian banks. Sufficient funds had been obtained through a number of enterprising Toronto banks at 5 per cent. That loan ran for a year, and in the meantime the financial situation might so improve as to enable the bonds of the commission to be profitably floated. It was the custom of all corporations when the money market was close to make a temporary loan. Some of the largest railways in the United States were said to have obtained considerable sums from the local banks rather than float their bonds at a discount.

Minor Projects.

It was proposed by the bill introduced by the Commissioner of Public Works to advance for the railway a certain portion of the money now in the banks. That money now yielded 3 per cent. Thus they would save 2 per cent. They did not propose to make this a permanent loan. It was to continue only until the money market improved.

The ordinary income of the Province, apart from the sale of timber berths, did not meet the ordinary revenue. The sale of timber lands was really an addition to the ordinary income. It was paying in advance what would have been paid in rents, dues and stumpage if spread over the whole period of the licenses. If they got through with the large public works and stopped these enormous expenditures, their ordinary revenue would nearly meet the ordinary expenses. That was all that need be said to make as clear as necessary the larger projects for the present year. He might refer to a few of the minor ones. For instance, the Commissioner of Crown Lands expected to survey 25 or 30 new townships in new Ontario. On these and other public works they would spend about \$100,000 and there would be the usual detail of colonization roads.

Signs of Prosperity.

Some of the hon. gentlemen opposite said, or rather hinted, that the work of the Provincial Government was so obscure and its expenditures were of such a local and ephemeral character that they could not have a substantial effect upon the prosperity of the country. Some said that the representation in this House should be cut down. The Local Government looked after matters too insignificant for a Dominion Government to undertake. They got very close to the people, and fulfilled their functions better the more closely they got to the people. In agriculture they got as near to the source of Provincial wealth as in any other department. If the growth of the country in agricultural wealth meant anything, the department had fulfilled its mission well. If the Government were recreant to their trust in this or any other respect one might fairly assume that the prosperity would not be as great as it was. The degree of prosperity to a certain extent might be taken as a measure of a Government's efficiency. It was said that it was time for a change. If the indications of the work of the last year meant anything they did not mean that it was time for a change. If the growth of the wealth of Ontario meant anything the Government had done their duty.

Growth in Farm Wealth.

Take the growth in the wealth of the farm lands. During the last five years the increase had been \$140,000,000. Farm lands did not increase in value unless they were more productive. The instruction given in farmers' institutes and at the Agricultural College and in other ways had been fully justified. He did not say that they had added that sum to the wealth of the Province, but a distinguished bank manager had said that the Department of Agriculture was worth millions to the Province of Ontario. That was not an exaggerated statement. The farmers' expenditure reached out to all the industries of the Province. The manufacturers of agricultural implements were busy making the \$11,000,000 worth of implements. The

lumber trade was busy supply the demands for the \$31,000,000 worth of buildings, and so on. The farmers were rapidly becoming the most comfortable class in the community. This was not altogether owing to what the Government had done, but a generous Opposition would say that the policy of the Government in regard to agriculture deserved credit for this increase.

Mr. Foy—So it does.

Mr. Ross, continuing, showed that in beef cattle, bacon and pork products and cheese the average increase in our trade was about \$4,000,000 a year. The table of exports also gave striking illustrations of the growth, showing an increase of 100 per cent. in six years. We contributed about one-half the exports of the whole Dominion. He would not dwell at length on the prosperity of the schools, the theme was too large, but he must congratulate his successor as Minister of Education on the expansion of the system under his supervision. The development of the manual training schools and the teaching of household science would certainly be commended by all, as would the magnificent work of the School of Practical Science. Other indications of prosperity were referred to by the Premier, who concluded with an eloquent peroration, and resumed his seat amid loud applause.

Colonel Matheson's View.

Col. Matheson, who followed the Premier, said that the House and the people were anxious to know how the Province paid its way. The receipts for 1903 were given as \$5,466,653, and the expenditures at \$4,888,982. In addition to this the Province had incurred a liability for wages at the "Soo" to the extent of about \$250,000. The expenditure, therefore, was about \$5,100,000. The receipts of \$5,466,653 included receipts from the bonds and timber sale of \$1,335,000, and reduction of drainage debentures by \$21,000. These two sums deducted from the receipts gave \$4,109,000, so that we actually incurred liabilities of \$1,000,000 more than the ordinary receipts. Receipts from Crown lands should be considered as capital receipts, because they must constantly be diminished. In ten or fifteen years that source would be reduced to perhaps \$200,000. The Soo payment and the expenditure for the Normal School and the School of Science might be considered exceptional. Taking away these sums, the ordinary expenditure was \$4,730,000, against receipts of \$4,109,000, leaving a deficit of \$621,000.

Interest From Dominion.

It was further evident that we had not received the full payment of interest on the money of the Province held by the Dominion.

Mr. Ross interrupted to say that he had received in the meantime a statement from the Auditor to the effect that we had received the full 5 per cent. on \$2,848,000 for the whole year, and half year's allowance on the common schools and other funds, making a total of \$226,283.

Col. Matheson and Mr. Whitney both protested that we should have received the two half-yearly payments on the common schools fund.

Mr. Ross replied that whatever interest might be due they would get. He had made the estimate on the safe side.

Col. Matheson contended that our case had not been looked after, or we would have received the full year's interest on these funds. The succession duties were unjustly levied. They should be graded so as not to bear so heavily on a small estate of, say, \$15,000, as on one of \$50,000. The woods and forests accounts were not in sufficient detail. They should show the receipts from pulp lands and from bonuses and other items separately. It was bad financing to appropriate any particular revenue to a particular purpose. All the receipts should go to one consolidated fund, and all disbursements should be made without regard to the source of the revenue. Large savings could be made by cutting off useless officials and expenses. The Penetan-