

EXCITING SCENE STARTLES HOUSE.

Hon. Mr. Matheson's Charge
Against Mr. Harcourt.

FORMER LOAN CONTRACT.

An Effective Reply by Member
For Monck.

Says the Papers Will Show He Acted
With Businesslike Prudence in Ne-
gotiations Regarding Temiskaming
Loan—Debate on Proposed New
Liquor Act.

An exciting incident marked the continuation of the budget debate in the Legislature last night. Hon. Mr. Ross at the close of his address submitted a motion which in effect was a condemnation of Hon. Mr. Matheson's flotation of the Provincial bond issue. The Provincial Treasurer in a vigorous reply charged that Mr. Harcourt, as a member of the former Administration, had entered into an agreement with Coates & Company that not only should renewals of the Provincial Treasury bills be negotiated through that firm, but that any sale of permanent securities should be made through them. This he characterized as an extraordinary agreement, and he demanded to know what inducement there was for reaching such an understanding. Mr. Harcourt readily explained his negotiations with the firm named. With considerable spirit he contended that the documents when laid on the table would show that he had acted with businesslike prudence in all the negotiations he had conducted in connection with the Temiskaming & Northern Ontario loan, for the taking up of which the bonds were issued. The Province was not bound to the company named, the arguments of the Provincial Treasurer himself showing this conclusively. The Premier moved the adjournment of the debate, which may continue to-day.

Debate on the Budget.

Mr. Atkinson, on resuming the debate on the budget, made a reference to criticisms of some previous speakers relative to the management and inspection of loan companies. Notwithstanding the recent York County Loan Association troubles, Mr. Atkinson was of opinion that the loan companies of the country were well conducted and managed. There had been more failures of banks than of loan companies. After brief allusions to several of the questions covered in other contributions to the debate, the speaker urged upon the Government the advisability of contributing a few thousand dollars to the fund for the relief of sufferers in the famine-stricken districts of Japan. He criticized the Government for retaining the numbered ballot, which, when the Liberal Government were administering affairs, was denounced by the Conservatives as iniquitous. Mr. Atkinson closed with a reference to some of the measures enacted by the former Government for the benefit of the Province, and words of praise for the leadership, both as Premier and as leader of the Opposition, of Hon. Geo. W. Ross.

Mr. Smith (Sault Ste. Marie) pleaded

for justice to the north country, particularly in so far as the needs of the settlers were concerned. He pointed out that while \$2,000,000 was received from the timber and mineral wealth of that country last year only \$212,000 was going back from the Government. It should be at least four times as much for a start. Mr. Smith declared that in the past there had been "graft" in regard to expenditures on the colonization roads in the north, and he assured the Minister of Public Works that it had not yet ceased, reading one or two items from the public accounts which should be looked into.

The Growing Expenditure.

Hon. Mr. Ross, following in the debate for the Opposition, drew attention to the growing expenditures under the present Government in its fourteen months of power. The estimates this year were for an expenditure of about \$6,000,000, an increase of \$700,000 over the whole expenditure of last year, and this did not include the supplementaries which would come down later. It was well to bear in mind that the income of the Province was limited; regard to the ledger balance must be had. Proceeding, he entered upon a discussion of the recent Provincial bond flotation, prefacing his direct remarks by a reference to the position financially of Ontario compared with Quebec, with its debt of \$21,900,000, and British Columbia, with a debt of somewhat over \$8,000,000. He could fairly claim that Ontario's enviable position was largely due to the long and careful administration of the Liberal party. He briefly sketched the history of the Temiskaming & Northern Ontario Railway loan and its renewals up to the time of the Provincial bond issue. Hon. Mr. Matheson then found that his Nemesis had overtaken him. For years, as financial critic of the late Opposition, his hon. friend had made it his business to decry the credit of the Province.

Credit of Province Injured.

Mr. Ross by numerous quotations from the last budget speech of the Provincial Treasurer showed how the credit of the Province had been injured by statements asserting the liabilities, direct and indirect, to amount to \$11,000,000. The fair fame of the Province was to be made to ring in the markets of the world in the face of these statements. Beyond this, in the campaign literature of the Conservative party a total liability for the Province was figured at \$18,086,300. But, even more, additional liabilities were added to make a total of \$24,763,231. The man who went to England to float a loan under these circumstances made a discredited application. The speaker would guarantee that Hon. Mr. Matheson never repeated these statements in England nor to Lord Strathcona.

Hon. Mr. Matheson—I gave him a copy of my speech.

Hon. Mr. Ross—Did he read it? If he did I'll venture to say his Lordship is too astute to believe it. Continuing, Mr. Ross showed that the money market had been easy and the rate 2½ per cent., but the hon. gentleman did not choose a proper time to go, and waited till the rate was 4 per cent. He blames us for frenzied finance. We had not the securities the hon. gentleman had, said the speaker.

Premier Whitney—Why not?

Hon. Mr. Ross—We were preparing to have them. We were able to float a loan at 4 per cent.

Premier Whitney—That is no answer.

Hon. Mr. Ross—My hon. friend must not suppose I'm going to answer to suit him. Fancy a Canadian Treasurer going to the British market with a gold dollar and coming back with 96 cents.

Hon. Mr. Matheson—We did very well.

Hon. Mr. Ross—The hon. gentleman thinks he did very well. Every duck is a swan to him. In a series of figures Mr. Ross indicated the high place various Canadian securities held in the money market, arguing that Ontario bonds should have been much more highly rated.

Should Not Have Attempted it.

He thought the hon. gentleman was blameworthy for having attempted to float a permanent loan at all under the

circumstances. He was afraid the hon. gentleman might think him too severe. He did not care so much for the loss of \$240,000 as for the discredit brought upon the whole Province. The hon. gentleman was industrious and painstaking, but the Province had already paid \$240,000 for him, and he would be dear at half the money. The Toronto Telegram had referred to him as a "helpless weakling," and The Catholic Register asserted that not a corporation in the city would engage him to put through a financial transaction. He concluded by moving in amendment that the House regretted that the provincial Treasurer, by selling the securities of the Province at 96 instead of at par, had made it difficult to raise such further sums as might be required without loss to the Treasury Department.

Hon. Mr. Matheson's Statement.

Hon. Mr. Matheson said that the Opposition had acted most discourteously in moving the resolution without having first given an intimation to the House of their intention. He had intended to pass over an act which was a disgrace to the Province of Ontario, an act by a colleague of the leader of the Opposition, and of which, he thought, the leader of the Opposition must have been aware. The hon. member for Monck, he proceeded, in leaving the Ministry, left behind him a statement in the Treasury Department as to his negotiations in regard to the Treasury bills. This included a copy of an agreement signed by Mr. Harcourt at New York on October 10, 1904. The terms of that agreement were that the Government was to issue Treasury bills to the amount of £1,200,000 for six months, to mature on May 15, 1905, payable at the banking house of Glyn, Mills, Currie & Co., London. The sale of these bonds was to be negotiated through Coates, Son & Co., at a price representing a rate of interest not exceeding 4 per cent. per annum. The sale of the bonds during the currency of the bills, or later, was to be entrusted to Coates, Son & Co. To save expense the bills were to be countersigned by Coates, Son & Co.

"What possible inducement," demanded the Treasurer, "could there be for the hon. gentleman to make such an agreement?" It meant, he declared, that, no matter what better offer the Government could get, they could not accept it owing to this agreement. When he (the Treasurer) went to London in the fall of 1905 to negotiate for the taking up of the Treasury bills, Coates, Son & Co. went around to the financial institutions of London declaring that the Province of Ontario was bound hand and foot to that firm. Accordingly, as a precaution, he (Mr. Matheson) went to Coates, Son & Co., and asked what was the best they could do. They said they might be able to make a flotation at 96, less their commission, which would have netted to the Province only about 93. He told Coates, Son & Co. that, as Treasurer of the Province, he did not recognize the agreement; that it was his duty to protect the Province against any such agreement.

The Agreement Repudiated.

The Treasurer noted how careful hon. gentlemen opposite had been not to back up the cry of stop the loan. They could not very well do so when the former Treasurer had entered into such an agreement. Continuing, he said that after his intimation to Coates, Son & Co. they wrote him on November 10, 1905, expressing surprise at this repudiation of the agreement, and adding that when the proper time came they would be ready under its terms to negotiate for the sale of Government 3 1-2 per cent. stock or bearer bonds, which the Government might issue for the purpose of retiring Treasury bills, or otherwise, and hoping that the Government would give further consideration to the matter. On November 23 Hon. Mr. Matheson had answered