

made in West Middlesex by the member for Sault Ste. Marie (Mr. C. N. Smith), in connection with the Taylor, Scott & Company Central Prison contract, Mr. Smith, the report stated, had said Mr. Thorne, a Provincial accountant, was a partner of Mrs. Charlotte Taylor. The Provincial Secretary read a portion of the report, and said that if the member for Sault Ste. Marie would repeat his charges he would be given every opportunity desired to substantiate them, and he (the Minister) would be glad to take the consequences of such an investigation.

Mr. Smith admitted that he had been in West Middlesex, and it was true that he had discussed the appointment of Mr. Thorne. It was true, too, that he had mentioned that in this country there were young Canadians quite as capable of discharging the same duties as accountants for which Mr. Thorne was being paid \$2,400 a year— young men quite as good as any imported from the State of Michigan. He had discussed this in Glencoe and other places in West Middlesex. He was not making a charge then against the Government so much as to maintain that the people of this country owed it to themselves to be loyal to Canada first and not to the State of Michigan.

Premier Whitney appealed to the Speaker. It was his duty to ask that precedent be followed. The hon. member should not be allowed to make a campaign speech. The question was whether or not he had used the words objected to.

Mr. Speaker—I have allowed a great deal of latitude from time to time. It is quite evident that the hon. member cannot go outside a reply as to whether or not the statements objected to by the Hon. Provincial Secretary are true.

Had Been Misreported.

Mr. Smith, continuing, said that he was trying to reply to the Provincial Secretary by relating the circumstances under which the reported remarks might have been recorded. As a matter of fact, in discussing Mr. Thorne he said he had been brought here from Michigan and had received from this Province between \$6,000 and \$7,000. With respect to the statement relating to Mrs. Taylor's contract, he had adduced figures to show that this woman ought to have made some \$70,620.

Again the Premier complained. Mr. Smith then said that with reference to the charge that Mr. Thorne was a partner in the transaction, he had been misreported. He had just as much courage, or more, in the House as he had in West Middlesex. "In connection with this let me express my surprise that the hon. gentlemen should pay so much attention to a Chinese newspaper in London that has a reputation all over the Province—"

The concluding words were lost amid Government groans and cries of "Oh! Oh!"

The Budget Speech.

Hon. Mr. Matheson was warmly applauded by the Government side when he commenced his budget address. He regretted the absence from the House of the former Premier, and, continuing, declared that the financial statements he had the honor to present showed conclusively that the present Government had ably conducted the affairs of the Province during the past year, as well as the preceding period of its term in office. For the two full years in which the Government had been in control they had been able to pay ordinary expenditures from ordinary revenue, and to show a surplus in round figures of \$1,050,000, being \$620,000 in 1905 and \$429,299 for 1906. The increases in revenue in many departments were due, he contended, to the better business management displayed by the Ministers in charge of the various departments.

The Provincial Treasurer plainly intimated that the Government had no intention of meeting the wishes of those who advocate increased railway taxation on the same basis as that in vogue in the State of Michigan. The result of the excessive tax there had been to practically stop railway building in that State, whereas railway construction was quite active in Ontario.

An Old Charge Revived.

Mr. Matheson referred to some of the more important transactions of the year, instancing the renewal until April 1 of \$1,000,000 of the Soo guarantee. At present the Canadian Improvement Company, which had the conducting of them, for the great enterprises of the Soo, was negotiating with a view to relieving the Province of this guarantee when it became due, and he had very good hopes that they would succeed. He passed on then to the negotiations conducted under the former administration for the renewal of the original treasury bills of £1,200,000 for the Temiskaming & Northern Railway, repeating his remarks of last session on this subject. In brief he aimed to show that Mr. Harcourt, in 1904, had entered into an agreement with Coates, Son & Company of London, England, whereby no negotiations for the renewal of the treasury bills could be conducted without allowing them some say in the matter; and that the company on their part held that any such negotiations must, in any event, be conducted through them. He went over all the messages exchanged by cable between Mr. Harcourt, Hon. Mr. Ross and others, laying particular stress on the Harty offer to float a loan to meet the treasury bills at 93 1-3 plus commission of \$25,000. The most charitable supposition, he declared, was that this \$25,000 was to be a contribution to the election funds. From this he went back to 1903, saying in that year the Government through the T. & N. O. Railway Commission had been willing to accept a price of 91.31 for \$1,000,000 guaranteed bonds for the railway. This willingness and the Harty offer for a loan were compared by Mr. Matheson with the price he had received when he floated a loan to meet the treasury bills. That price netted to the Province 96. Mr. Matheson defended the course of the present Government in dealing with the matter, and said the price they obtained for the issue was something to be proud of.

Mr. Graham, after several questions, drew from the Treasurer a correction of his statement that the proposed \$1,000,000 issue for which the former Government had been disposed to accept 91.31 and the loan for the taking up of £1,200,000 indebtedness were the same class of bonds. The Treasurer, however, argued that the guarantee of the Province in connection with the former should have been of sufficient weight to prevent any proposition to accept 91.31 for them.

Big Grants for Education.

Dealing with some of the increases in the estimates, Mr. Matheson referred particularly to those for education. The university grant this year would be \$350,000, it being provided for under the act of last session. Rural schools would get \$380,000, an increase of \$200,000; poor and assisted schools, \$110,000, instead of \$77,000; continuation classes, \$8,000, and high schools, \$13,000 more than last year. If it were not for the fact that the Government was anticipating an increased subsidy of \$780,000 from the Dominion Government, these large increases for education could not have been asked from the ordinary revenue. The Government felt warranted in doing this because of the vital importance of education. In this regard he dwelt somewhat on the steps taken to improve the salaries of teachers.

The T. & N. O. Railway.

Proceeding, he gave some particulars of the earnings of the Temiskaming & Northern Railway for last year, the gross amount being \$544,000 and the net earnings \$181,796, some \$158,000 of which had been applied to meet the interest on the loan. He paid a high tribute to the commission, and particularly to the Chairman, Mr. Englehart, for the able manner in which they conducted the railway.

The Treasurer made a reference to the \$3,000,000 loan floated in Ontario during the year, also to be applied to the railway, the total cost of which would be about \$12,000,000 for the 298 miles, including some branches.

Municipal Indebtedness.

He referred to the increase of municipal indebtedness in Ontario outside of Toronto, the increase for the cities from 1903 to 1906 being \$7,000,000, and in the towns and villages \$5,600,000. He knew of towns that were going beyond all bounds, tearing up streets and laying costly pavements on back streets. In many cases the men in charge had no expert knowledge. It was his duty, he believed, as Treasurer, to urge that there should be more care in municipal expenditure. The best business and financial men in the community should lend themselves to the public service. Speculative securities were as a result of extravagant municipal expenditure beginning to be preferred to municipal securities. "We must keep up the credit of this Province and of its municipalities," said the Provincial Treasurer. Bonuses, he admitted, were responsible to a very large extent.

In conclusion he said he had no apology to make for the large increase in expenditure. He asked the Opposition that no vague charges be made, but that they specify if they could in what particular manner unwise expenditure had been made.

Mr. Pense's Speech.

Mr. Pense was greeted with cordial Opposition applause. The Provincial Treasurer, he said, was a congenial gentleman who, when he was good, was very good, but when he was bad, was horrid. Now he was rich beyond the dreams of avarice, but had actually, under the old Administration, brought himself to believe there was no surplus. The country had encountered an era of unprecedented prosperity. He recalled the railroad era of the early fifties and the era of the Canadian Pacific Railway. The present was, however, the greatest of all and was affecting all of Canada. Quebec was lifting itself out of debt, and other Provinces were prospering. Ontario's enterprise in building the T. & N. O. Railroad had created new sources of revenue, and the Treasurer had estimated for this year \$1,115,000 from this source. The Liberal party having broken the ground, now very properly claimed a rightful share in whatever glory attached to the budget submitted to-day. The succession duties had increased greatly, and they would not chide the Government on the acceptance of what had been so well sown by the Liberal Administration. The corporation revenues, which had grown so greatly, were initiated by the Liberals long since. The late Liberal Government, he proceeded, was the first to divide a share of the license fees with the municipalities. In the line of supplementary revenue the Liberals had blazed a new path and made possible the buoyant condition of the finances of the Province. The Opposition was friendly to encouragement of agriculture and education.

The speaker reviewed the great increase in the cost of Provincial administration. It was his hope that they

would do their duty to the country without the daily f-i-g-h-t, though the Government were peculiarly sensitive to criticism. It had taken the Conservatives long to learn the value of children's aid work and immigration, he added, and now they were making increased grants to the work.

Approves of Cheap Power.

New appointments made by the Government of late were, he said, too numerous to mention. Among the expenditures to which he alluded specifically were: Ontario and Railway Municipal Board, \$30,000; Hydro-electric Commission, \$18,000; inspection of institutions, \$9,500; sundry commissions, \$5,000. He had nothing to say against the Power Commission, and if it only "made good" Hon. Mr. Beck would deserve the thanks of his countrymen. In eastern Ontario he looked forward to some power development. Speaking of the University of Toronto, he was not sure that the expenditure was as careful as it should be, though all members of the House sympathized with the work of the institution. There should, he thought, be some check on the ex-