

with the commission, neither could they sell them, except to the extent necessary to make up annual deficits. Under the new act the debentures of the municipalities are a direct security to the bankers. Under the present act they are not a direct security to the bankers, but a security given to the Hydro to protect it, and the Hydro alone has got the right to deal with such debentures, and then only to the extent necessary to meet annual payments.

Financing Made Difficult.

"In effect, it means that under the present act, financing without a guarantee from the Province is made difficult and uncertain, due to the fact that the debentures of the municipalities do not afford a security to lenders, except with the intervention of the Hydro Power Commission. On the other hand, under the bill before you such debentures are deposited with a trust company and they are a direct security available for realization should default be made in the payment of principal, interest or sinking fund on any bonds sold by an association."

The Premier read a letter from Mr. Pope of the Hydro-electric Commission, received last December, asking the Government to approve an agreement with the municipalities which agreement said that the commission could lodge municipal debentures or hypothecate them to a trust company. That was an attempt, the Premier went on, to do outside the existing law what the Government was doing in this act.

Withdraw the Government guarantee, and it became necessary to have the double security, the railway and the bonds of the municipalities. The latter would be put in trust where they would not be a vanishing collateral security, but a fixed collateral security. If the House threw out the new act, the old act would have to be amended in regard to the financial arrangements.

A. C. Lewis, Northeast Toronto, asked if, under the old act, there was not a clause which provided that the commission could call on the municipalities for further debentures. The Premier said that to answer that he would go to Shakespeare, to Hotspur's answer to Glendower, when the latter said he could call spirits from out the vasty deep: "You can call, but will they come?"

Make Up Deficits Yearly.

Under the old act the operating deficits were met by the sale of bonds and the issue of more bonds. That was unsound. The new act provided that municipalities must make up the deficit year by year. The Hydro-electric Power Commission could operate the railway for the association if it so desired, but at the end of five years the opportunity for a change in this respect, if it were desired, was given under the provisions of the act.

Summing up the advantages of his new bill toward the conclusion of his address, Premier Drury said: "The new act provides for autonomy on the part of the municipalities; it makes a feasible way of financing the proposition; it enables them to appoint a representative to a fairly elected board to administer their railway; makes them responsible year by year for the deficit, so the project shall not be snowed under by accumulated deficits, and allows them a say in who shall operate."

Trusts to Common Sense.

"Mr. Speaker, I trust the common sense of the people of the municipalities. They are not to be hoodwinked; they are not to be cajoled into placing themselves into the power of anybody for an extended period of years, of giving themselves no say as to how things will be carried out. The suggested procedure as outlined in the new bill may not lend itself to a Province-wide system of railways. I do not know it will result in the operation of radial systems, where favorably voted upon, in a manner that will not be open to criticism, in a manner where the people will be themselves responsible."

"Under the old act," he proceeded, "if you compel them to accept the administration of a Provincial body appointed by the Province, you would have to bear any loss, anyway, guaranteed bonds or not. You know that is the case. Any group of municipalities called upon to back a railway that did not earn interest would have a perfect right to say: 'Here, your commission, appointed by you, is administering this railway. We should not be called upon to make up the losses involved in such administration.'"

Eliminates Responsibility.

"Now, the new act is intended to, and does, cut clean between Provincial and municipal responsibility. It allows them to go on under proper conditions."

"There is just one thing I would like to add; it is not contained in the act. The Government is committed, and the old Government committed us, to the guarantee of bonds for the Port Credit-St. Catharines Railway. It was a very strange proceeding, by the way."

He read the governing Order-in-Council, and commented: "In other words, Council gave them a blanket order to go ahead, obligate the Province as much as they liked." A record Order-in-Council of the old Government, he said, "made the Treasurer a rubber stamp to guarantee such bonds."

"But," he went on, "as I said, there is an obligation incurred by the guaranteeing of such bonds, and when we came in we found commitments had been made, and the only way to meet them was to carry out the terms of this order. Eleven millions of the bonds of that project have been guaranteed. To my mind, that bargain cannot be lightly broken. A bargain is a bargain. To my mind, the only sensible way to get out of such an agreement is by the consent of both parties. One party cannot break an agreement. Two parties can. And I am going to ask the House in committee to introduce an amendment leaving the Port Credit-St. Catharines Railway with the railways that have been already taken over under the act—that is, the Windsor and the Guelph street railways, operating under the old act—to allow this railway to come under the old act, but on condition that the people of the municipalities shall vote upon and carry the scheme once more."

"That is fair. That is fair not only to the Government, but it is fair to the municipalities. For I would like to point out, Mr. Speaker, to you and to the House that some of these by-laws were voted upon as long ago as six years, and that since the people of the municipalities, and sections of the municipalities, committing whole townships to it, voted on that scheme, great changes have taken place—changes from private to public ownership of the steam roads, and others."

"Now, I intend to introduce that amendment in committee, because it seems to me, in honor bound, we must carry out the obligations—but only on condition that the people re-vote on the scheme."

"Now, there is one further ques-

tion: The question is not covered in this act as to allowing municipalities to own and operate a radial railway running through other municipalities—the question, particularly, of the city of Toronto owning and operating the Toronto Suburban. That is not covered, and cannot be covered by amendment, but on behalf of the Government, so long as we may remain in power, the needs of such a case can very well be met by a private bill dealing with each individual case as it arises. And in this case we will meet the needs of a special case. We will have working a fair, democratic Hydro-radial Act which will allow, not a Province-wide system, but an act that will allow municipalities, where the needs warrant a project, to go on with a feasible radial project."

F. Wellington Hay—This bill has no connection with the clean-up?

Premier Drury—It has no connection whatever with the clean-up. That is an entirely different matter. Neither has the clean-up anything to do with the radial project