

paid by the Dominion, and now represented by cash on deposit, bearing interest, \$200,000.

(4) Municipal drainage debentures on hand, \$328,959.

(5) Other obligations of municipalities for other drainage works, \$167,312.

(6) Bank balances, December 31st, 1892, since increased to a much larger sum, \$613,787.

(7) Another item of assets which the financial statements contain, is the balance of the open account between the Dominion and the Province. This account is now under investigation by arbitrators. The amount was stated by the Ontario Treasurer last year as \$1,590,619. From this sum is to be deducted the amount of Dominion bonds issued to the Province by the Dominion in 1891, and mentioned in the same statement of the Treasurer, \$500,000. Making the balance of these two items, \$1,090,619.

The seven last named items amount to \$5,752,405.

Add to this the \$50,900 000, and we have as the total amount of our assets, at very lowest estimates, not less than \$56,652,405.

The debentures, which are amongst these items, may be sold at any time; and as for the funds on which the Dominion is paying us five per cent. interest, the Dominion would be only too glad to have us take, at par, the whole principal as soon as the exact amount is ascertained, as the Dominion borrows money at less than the five per cent. paid to us. Accordingly, in 1891, the Dominion willingly gave us debentures for half a million of dollars, which at the time happened to be needed by the Province, and which was all we needed; and no doubt debentures, if we wanted them, would willingly be given to us for as much more of the Dominion debt as we should desire at the market value of such debentures.

OPEN ACCOUNT WITH THE DOMINION.

Speaking of the last item of the seven—the open account—I may mention that the Dominion account, as prepared by the Dominion Ministers and officers before July, 1893, and the Dominion accounts rendered to the Province and presented to Parliament before that date, did not vary greatly in their result and effect from the statement of the Ontario Treasurer. The accounts on both sides had proceeded on an arrangement duly made between representatives of the two Governments. But in July last, before the Arbitrators, counsel for the Dominion repudiated that arrangement, claiming that the Dominion had no legal power to make it; that it was ultra vires, and not in accordance with the statutes, passed in 1873 and 1884, for the assumption, by the Dominion, of the balance of the debts of the Province of Canada beyond the amount provided for by the B. N. A. Act (the other Provinces receiving an equivalent). That the arrangement was in accordance with the actual intention of these statutes is evidenced by its being the construction put on them for several years in the accounts of the Dominion Government, whose members were the authors of the statutes. As regards the legal construction of the language of the statutes, the Arbitrators decided with the argument that the construction which had been agreed on, and for years acted on, was not the legal construction. The effect of this decision has been thus stated by the Hon. A. M. Ross, who was the Ontario Treasurer at the time of the accounts being rendered: "The Dominion Government now asks the Arbitrators to declare that the agreement made by Sir John Thompson and Mr. Foster was ultra vires, being beyond their powers. In this the Arbitrators concurred. The effect of this was to restore to the Province of Ontario the sum of \$,2-