

848,000 as an interest-bearing asset. Now, deduct from the sum \$1,544,000 due to the Dominion by the revised accounts, and there would be left a sum of \$1,304,000 to the credit of Ontario, or \$214,000 more than Mr. Harcourt claimed. The account which is now being argued—that of interest—is not equivalent to \$1,800,000” (as had been falsely alleged in Conservative journals), “but only involves an amount of about \$300,000 in all.”

The practical result of the decision is, that Ontario has now another undisputed asset of \$2,848,000, which was not in the Treasurer's statement; and the statute, under which the Province is entitled to it, expressly declares that this amount, and the equivalents given by the statute to the other Provinces, “shall be deemed capital owing to the said Provinces respectively, bearing interest at five per cent. per annum.” On the other hand, the Province has a liability arising from the separation of the item from the open account. The exact amount of this liability depends principally on the decision which the Arbitrators may give on an interest question now under deliberation by them. In the meantime, and for my present purpose, instead of swelling the amount of assets by the whole sum of \$2,848,000, and inserting on the other side the undetermined liability of the Province, created by the taking of that item from the open account, I set down the difference between that asset of \$2,848,000 and the counter liability, as an asset of \$1,090,619.

LIABILITIES.

Then, as to the liabilities of the Province. What are these? The only liabilities on the 31st December, 1892, were (1) some small sums mentioned by the Treasurer in his statement presently payable, and amounting in all to \$19,099, and (2) some outstanding railway certificates and some annuity bonds, issued under statutory authority to meet railway obligations, and payable in future years without interest. It has not been the custom of either the Dominion or the Province to reckon such annuities as debts to be taken into account in reckoning up the debts of the country. The reasons for this I shall state later on. If we should reckon them as ordinary debts, the amount to be set down for them on business principles is their present value, not their face amounts, as they are not “presently payable,” and do not bear interest before becoming due. It is obvious that specific sums payable without interest in future years are not of the same value as the same sums would be if payable immediately, or if payable without interest being added from the present time. When we take into account, however, as I have been doing, the whole of the Provincial assets, the amount of these assets is so large that it is of little moment for any practical purpose whether we set down the railway obligations according to their face amount and as if presently payable, or make a deduction in order to take into the account what is their present value only. The gross amount of the railway annuities and certificates is \$3,976,998, and the present value, according to recognized rules of calculation, is \$2,336,108. Adding the \$19,099 presently payable, the liabilities in one case would be called \$2,355,207, and in the other case \$3,996,097.

THE SURPLUS OF ASSETS.

The surplus of assets would amount in the former case to \$78,297,106, and in the latter case to \$76,656,216. These balances are arrived at, you will have seen, by making up the account of our surplus, not in any fanciful way, but as it would be made up by a correct, cautious, and certainly not over-sanguine proprietor, for his own information or that of others.