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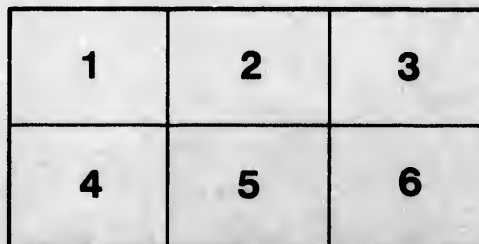
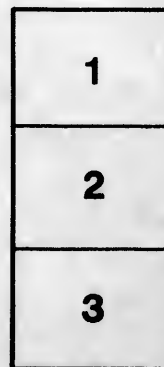
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PAST REFORM STRUGGLES AND SUCCESES—  
ONTARIO'S ASSETS.

*SIR OLIVER MOWAT'S SPEECH*

AT

WHITBY, COUNTY OF ONTARIO,

8TH FEBRUARY, 1894.

REVISED EDITION.

PERSONAL MATTERS, 1857 TO 1872.

It is 36 years and more since I made my first appearance in the South Riding of Ontario County as a politician, and 29 years and a few months since I ceased to be the member for the Riding. I don't see to-day many of the faces that I used to see at political meetings during that time. I seem to have survived most of my old South Ontario friends, and of my opponents too; and, though some remain, most of these appear to have left the field of active politics to a younger generation. When I made my first appearance in the Riding I do not know that there were a dozen persons in the Riding who knew me personally, but the electors were made aware that I had the confidence of the great Reform leader, Mr. Brown, and other prominent Reformers of that time, and that they desired to have me in Parliament. I discussed at public meetings in the Riding the questions of the day; and when the election came on I had the honor of being selected and nominated as the Reform candidate, with the concurrence of the other aspirants for that honor. I remember with gratitude the hearty support which I received from them and from the whole Reform party, as well as from a sprinkling of Conservatives, both at that election and at subsequent elections. I represented the Riding for nearly seven years. During those seven years it happened that I was five times before the people for election—thrice at as many general elections, and twice at bye-elections, the first of the two bye-elections being in consequence of my accepting the office of Provincial Secretary in the Brown-Dorion Government of 1858, and the second bye-election being on my acceptance of the office of Postmaster-General in the Coalition Government formed in 1864 with Sir Etienne Taché as Premier, for the purpose of settling the difficulties between Upper and Lower Canada, and the difficulties also which there were between Protestants and Roman Catholics as to Separate Schools in Upper Canada and some kindred matters. I had also been Postmaster-General in the Macdonald-Dorion Government, formed in 1863, just before the general election of that year. I remember with gratitude that at my first election the Reformers and other friends in South Ontario gave me a majority of 778. I believe that I lost no friends afterwards, though the majorities at the three subsequent elections were not so large, it being now known that little exertion was necessary to secure the result, and less exertion in consequence being made. At my second election, which took place in August, 1858, the electors gave me a majority of 491; at the third, in July, 1861, a majority of 669; at the fourth, in September, 1863, a majority of 479; and at the fifth election, in 1864, I was returned by acclamation. Afterwards, the office of Vice-Chancellor becoming vacant, and being offered to me, I accepted it, with the concurrence of my

colleagues. My political connection with South Ontario then ceased. I thought that my political life, too, had come to an end. But this was not to be. After I had been seven years on the Bench, Mr. Blake resigned his Premiership, and I found that he and his colleagues desired me to take his place. Mr. Brown also urged it; Senator McMaster too, and others. When, therefore, the Lieutenant-Governor sent for me, I accepted the task to which he invited me, though I did so with considerable hesitation, for judicial work was to me congenial work, and all financial reasons were against exchanging my Judgeship, which was a life office, for an uncertain Premiership. However, as I was led to make the change, notwithstanding all its drawbacks, I hope that my public life since has not been without advantage to my native Province. South Ontario was then represented by a good Reformer, and an able man, the late Mr. Abraham Farewell. It was necessary that I should have a seat in the Legislative Assembly, and I had the good fortune to be invited to North Oxford, and (as you know), I have represented that eminently Reform Riding ever since.

In 1879 you elected your present representative, Mr. Dryden, and you have re-elected him at every opportunity since. I congratulate you on having so good a representative; and I have to thank my old constituency for the support which, through Mr. Farewell and Mr. Dryden, the Government has received from the riding during eighteen years of my Premiership. We found your member so exceptionally able and valuable, that in June, 1890, he became our honored Minister of Agriculture, and has in that capacity rendered grand service to the farming interests of the country, while he has also been useful in the general affairs of the Government and the Legislature. His sympathies, as you all know, are always with what is liberal, and straightforward, and good; and for the sake of the whole Province, I hope you will continue to elect him as long as he is willing to serve. Let it always be by large majorities, too. For a good Minister to have in his favor a large majority of his constituents is to increase in the country and the Legislature his influence for good.

#### PAST CONSTITUTIONAL REFORMS.—B. N. A. ACT.

Great constitutional and other reforms have become accomplished facts since I was your representative. The constitutional reforms were secured before I left the Government. I was an active member of the conference of the Provinces at Quebec, in 1864, where those terms of Confederation were agreed to which were afterwards embodied in the B.N.A. Act. This Act is no doubt capable of improvement. The experience of 27 years has shown this. But so far as concerns the constitutional grievances against which we had been contending, that Act has removed them.

The struggle which the Reform party was making when I was elected for your riding was for representation by population in the Legislature of United Canada, irrespective of the dividing line between Upper and Lower Canada; for the control by Upper Canada of its own local affairs; and for the absorption into Canada of the vast territory then claimed by the Hudson Bay Company. The Protestants of Upper Canada were under alarm and excitement from the power which, through French-Canadian influence, Roman Catholics possessed in the united Parliament of the Province, and some of the fruits of which from time to time appeared in legislation distasteful to Upper Canada Protestants, respecting Separate Schools, and respecting other ecclesiastical matters. Further legislation in the same directions was feared. On the subject of the schools, the basis of the new system agreed to was



that the Protestant Dissident Schools of Lower Canada, and the Roman Catholic Separate Schools of Upper Canada, should be left in possession of the legislation heretofore obtained, but that (subject to certain conditions) all future legislation on the subject of education should belong exclusively to the Legislature of each Province. This manifestly affords perfect security to the Protestants of Ontario, as there are five Protestants in Ontario to one Roman Catholic. Mr. Brown, the champion of Protestantism, in common with the other zealous opponents of Separate Schools 30 years ago, was delighted with this determination of the long and exciting controversy. The B. N. A. Act made impossible any further legislation in favor of Separate Schools or other Roman Catholic institutions and objects, except what the Protestants of Upper Canada should be willing to grant. Accordingly there has since been no legislation, not a particle, which was objected to at the time from a Protestant standpoint. In a speech which I made in 1890, I was able to say, and without any attempt at contradiction having been since made from any quarter, that whatever legislation there had been in Ontario respecting Separate Schools had been passed with the concurrence of every member of the Legislature, Protestant as well as Catholic, Conservative as well as Reformer, and without a word of objection from any one outside the House; not from one church or congregation; not from one society; not from one individual, clerical or lay. Most of the legislation took place while Mr. Brown was alive, and he, as well as other Protestants, saw no particle of objection to any part of that legislation. The Rev. Dr. Ryerson, for so many years Superintendent of Education, and still interested in the work, suggested no objection. It was not until the electioneering No-Popery cry was afterwards raised that objections were suggested; and, more or less excitement having been got up, the objections were made or repeated by honest Protestants as well as by others. I think those objections arose from misapprehending the meaning of the enactments, or greatly exaggerating the effect of them. Since the last general election it is not pretended that there has been any legislation which was objectionable from a Protestant standpoint.

It has been alleged that Roman Catholics have an excessive share of the offices in the gift of the Government. An official paper, which was recently published, giving the actual number of Roman Catholics and Protestants respectively in every department, showed the groundlessness of that notion, demonstrating that they had fewer offices, and received in the aggregate for salaries less than their proportionate numbers.

In the present agitation, the contention is that Roman Catholics should be excluded from the Legislature, and from municipal office, and from public employment. That was not the view of the great Liberal leaders of the past, nor of the Protestants of the Province in their time. On the contrary, four years after Confederation had gone into effect, we find Mr. Brown making this statement:—

"I believe it is the universal feeling of Protestant Reformers throughout Ontario—now that French-Canadian interference in our affairs has been brought to an end, now that the Protestant majority is completely dominant in our Province, and the Catholics placed, by their scattered position, at disadvantage—that it is the incumbent duty of the Reform party, dictated as well by their most cherished principles, as by justice and good policy, that a full share of Parliamentary representation, according to their numbers, and generous consideration in all public matters, should be awarded to the Catholic minority."

But I must not occupy all my time and strength to-day in discussing that subject, interesting as it is, for I wish to talk to you a little of the position of the Province in regard to its assets and expenditures.

## PROVINCIAL ASSETS.

By the B.N.A. Act the Province was to have for its own use and profit all its Crown Lands, and to receive a subsidy from the Dominion in proportion to its population by the then last census. The Province was also entitled to the trust funds and other moneys owing to the Province by the Dominion at the time of Confederation. Under the provisions of the British North America Act all the Canadian Provinces had an advantage as regards financial matters over all, or almost all, other civilized countries. For these depend for revenue chiefly upon the taxes they levy from year to year. We do not; our revenue is derived, or chiefly derived, from altogether other sources, and in the first four years after Confederation the Province did not even use all its receipts from those other sources. The reason was this: By the B.N.A. Act the Dominion assumed \$62,500,000 of the debts of the old Province, every other of the Confederated Provinces being allowed an equivalent. The debts of the Province of Quebec exceeded the sum named, but by how much was not known. Of the excess, whatever it should be, Ontario and Quebec were to pay each its share. To pay Ontario's share the Government kept unexpended as much as they could of the Provincial receipts, in order to pay such share when the amount should be ascertained. The revenue which was accumulated for that purpose, and either temporarily invested or deposited in the banks, amounted to about three and a half millions of dollars (or more exactly \$3,595,645). Mr. Sandfield Macdonald, the Premier for those four years, is frequently represented as having kept the money with a view to using the interest only in the annual expenditure. That is alleged to have been the policy of his Government, and the Reform party is blamed because of the money having since been used, or partly used, for public purposes. But it is a mistake or a misrepresentation to say that Mr. Macdonald's policy was to keep the accumulated money untouched, and to use the interest only. He had no such thought. The following was his own express and distinct statement on the subject in the House in 1871, as reported at the time:—"For the first time in the history of this country the House had to deal with a surplus, which had accumulated in the treasury of Ontario. . . . The Government had been blamed for not disposing of the surplus before, but they had felt that it would be very hazardous to anticipate in advance the ascertainment of the liability which this Province would be exposed to as respected the disputable sum of the public debt assumed by the Dominion Government. The Government had now ascertained that its proportion of that debt was not so large as to justify the withholding of that portion of the surplus which has to be devoted to the development of the resources of the Province, commercial and agricultural. There being such a surplus on hand, the House would be recreant to its duty if it did not provide means for opening up the country. It had been urged that a portion of the surplus ought to be appropriated to purposes other than those proposed, viz., railway aid. There were, no doubt, a number of things which were worthy of consideration. . . . As to other questions which honorable members in the interests of their constituencies had brought under the attention of the House, while he admired their zeal, they must not hope that the Government would be in a position this year to deal with these other matters. The feeling of alarm, which would be justifiable if it was proposed to devote the whole of the surplus to aiding railways, had no real ground, since it was proposed only to deal with a portion of the surplus, and still leave ample means wherewith to treat these other



claimants with full liberality and meet every contingency. I mean to divide all I can this year, but I do not know with sufficient accuracy what our public debt is, to apply it all."

In that session (1871) a beginning was made by Mr. Sandfield Macdonald's Government of using the accumulations for permanent objects, by appropriating a million and a half thereof in aid of railways. No one has ever since pretended that it was unwise to appropriate that amount to aid railways, though great objection was justly made to the absolute power which that Government took of selecting the roads to be aided, and of determining the amount of aid to each, without my reference to the Legislature as to these important matters.

#### ONTARIO CAPITAL EXPENDITURE.

The million and a half appropriated for railways had not become payable, and was not paid, until after the change of Government. It has been paid out since ; and further appropriations and payments were from time to time made afterwards for the same object, so that up to the 31st December, 1892, the Province had paid in cash for railway aid nearly six millions of dollars (or more exactly \$5,813,667), two millions of dollars more than the aggregate amount of the accumulations during Mr. Macdonald's Premiership.

Besides this expenditure in aiding railways, large sums of our capital and revenue have also been expended, in and since 1872, in finishing buildings previously begun by Mr. Sandfield Macdonald's Government, and not completed at the time of his defeat and resignation. Also, in needed additions to these buildings from time to time since; and in new buildings and public works. The total expenditure on public buildings and public works from 1872 to 1892, inclusive, was \$6,465,957 ; or nearly double the amount of Mr. Sandfield Macdonald's investments and cash deposits.

These two heads of expenditure alone amount to \$12,279,624, or more than three times Mr. Sandfield Macdonald's investments and deposits ; and these capital expenditures, so far from being in opposition to the policy of his Government, were actually in accordance with that policy.

Besides the expenditure on railways and for needed public buildings and public works, large sums have gone annually for various objects in relief of the municipalities, such as the Administration of Justice, Education, Agriculture and Arts, Industrial Farms, the Maintenance of such Public Institutions as Asylums, the Central Prison, the Penetanguishene Reformatory, aid to Hospitals and Charities, and various other objects of municipal interest ; and colonization roads ; not to speak of the distribution in 1874 and subsequent years of more than three millions of dollars (\$3,388,777) amongst the principal municipalities of the Province in connection with the settlement of the municipal loan fund indebtedness of other municipalities.

If the Province had not had the early investments and the subsequent timber sales (of which I shall speak) to assist, no such expenditure could have been made for the important public purposes mentioned without going into debt (as is done for like purposes elsewhere), or without meeting the expense by a large direct tax on the real and personal property of the whole people of the Province in the same manner as municipal funds are raised. Expenditure on buildings and works by the other Provinces, and by the Dominion as well as by other countries, is made by incurring debts. There are few, if any, States of the Union which have not incurred debts for some or all of these purposes. The debt incurred by the Dominion for such objects is upwards of 200 millions of dollars.

Our expenditure is spoken of by our opponents as an expenditure "for carrying on the Government"—an expression which, used in this way, is misleading, and, I am afraid, is used often in order to mislead. The only items for expenditure for carrying on the Government, in the proper sense of that expression, are the expenses for Civil Government, Legislation and the Administration of Justice. These three items amounted, in 1892, to only \$760,048; not much more than half what the Province receives annually from the Dominion, not to speak of our other sources of revenue. It would be a very poor political party which would confine attention to the three essential objects mentioned, and leave undone everything else which the Province has been doing through the expenditure of its money since Confederation, and with such satisfactory results.

The assets still remaining to the Province consist of the following particulars:—

#### PRESENT PROVINCIAL ASSETS.

- (1) Standing timber on some 170,000 square miles of territory.
- (2) Unsold Crown lands, including fisheries and mines of gold, silver, copper, nickel, etc.
- (3) Unpaid purchased moneys on Crown lands heretofore sold and not yet patented.
- (4) A perpetual annuity or subsidy of about \$1,200,000 (\$1,196,872), to which the Province is entitled from the Dominion under the B.N.A. Act, and which is payable every half-year. Also a further annual sum of \$142,000 payable in like manner under Dominion acts passed in 1873 and in 1884.

- (5) Trust funds, Dominion and Municipal debentures, Bank deposits, etc.

In order to make up a balance sheet of our assets and liabilities in the same way as a public corporation or a private individual makes up a balance sheet, all the particulars I have named are to be taken into account; the first four quite as much as the other items mentioned. That this is so there is no room for dispute. Let me go a little into details as to some of the particulars.

#### OUR STANDING TIMBER.

The first of the five items is our standing timber. The value to the Province of less than half of it was, in 1887, officially estimated by the officers of the Crown Lands Department. The substance of the valuation was stated to the House by the Commissioner of Crown Lands in the session of 1890, and was, perhaps, stated on other occasions also. It is set forth also in a Sessional paper brought down last year to the Legislative Assembly. On no occasion was any serious attempt made in the House to disprove or dispute the reasonableness or accuracy of the estimate. At the time of its being made about 20,000 square miles of the timber territory was under license. These licensees gave to the licensees (subject to certain conditions) the right to cut the timber on their limits, and for this right they pay an annual rent, and also pay specified dues on the timber which from time to time they cut. This licensed territory of 20,000 square miles was estimated to contain at the time of the valuation half a million feet to the square mile, the stipulated dues on which would alone be ten millions of dollars. (I may mention here that of this licensed territory the greater part had been placed under license before Confederation.)

The area of unlicensed territory included in the estimate was 63,410 square miles. On that part of it which forms the territory formerly in dispute between Ontario and Manitoba, say 39,000 square miles, Col. Dennis, as Deputy Minister of the Interior, officially estimated the timber at 26,000 millions of feet (b.m.). This figure was accepted because

the Crown Lands Department had no estimate of its own as respects this part of our territory. The officers of the department estimated the remainder of the 63,410 square miles then unlicensed as containing on an average a million feet to the square mile. The dues payable to the Province in respect of this quantity of timber, as estimated by Mr. Dennis and Crown Lands officers would be \$50,410,000, and, assuming the quantity of timber to be substantially as estimated, the bonus obtainable for the 63,410 square miles will be \$75,615,000, or about an average of \$1,200 a square mile. The bonus is dependent upon the estimate which bidders make of the quantity of timber. This bonus for yet unlicensed territory, plus the dues in respect of the whole 83,410 square miles of territory, licensed and unlicensed, make out a total value of \$126,025,000.\* In making the estimate as to that part of the 63,410 square miles not included in Mr. Dennis' estimate, the officers of the Crown Lands Department availed themselves of all the available information of surveyors, forest rangers, timber explorers, mining explorers and others, and applied to the area what seemed a reasonable average. The estimate of \$1,200 per square mile seems moderate. The last sale of timber limits, 1892, brought an average bonus of more than three times this amount, and the previous sale of 1887 brought an average of more than double \$1,200. At the sale of 1892 the highest bonus was more than fourteen times, namely, \$17,500 per square mile, and at the sale of 1887 the highest bonus was more than five times, namely, \$6,300.

The territory so estimated is exclusive of so much of the territory north of the 48th parallel of latitude as lies east of the territory formerly in dispute with Manitoba. This unestimated territory contains 89,000 square miles, and there is some timber on it, but (as the return states) "no such exploration or examination has been made by anybody as would warrant the formation of any opinion as to what it would produce." The officers' estimate, therefore, leaves it out of account altogether.

With regard to the estimate of Mr. Dennis and our officers, some deductions have to be allowed. Sales have since taken place, there have been fires, and some timber has been cut. The sales since the estimate have been of about 1,500 miles (1,468), the bonuses obtained for which amounted to about \$4,000,000 (\$3,973,568). Our opponents may also (when brought to close quarters) repudiate the estimate of the Dominion officer in respect of that part of the territory which has not been verified by other evidence. To avoid all possible controversy, I am content for my present purpose to set down our yet unlicensed territory, the 63,410 square miles, and the 89,000 together (if you like) at \$50,000,000—a sum less than half what the facts mentioned would indicate to be the correct sum.

If the territory is put into the market from time to time in future years as occasion may require and not otherwise, and with the same prudence as to time and mode of sale as in the case of the sales already made, it is a most reasonable expectation that at least fifty millions may be calculated upon from this source, with an addition more than equal to the interest until the time of sale. The prices have been steadily rising hitherto, and in the judgment of experts are more likely to rise beyond present prices than to fall below them. The Opposition say so also; they argue that because prices are sure to rise we should not sell our timber territory at all, whatever their party does at Ottawa, and whatever the same pressure would make them do at Toronto if, unfortunately, they should obtain power at Toronto as well as at Ottawa.

\*See note at foot of page 16.

Such a system as the Dominion Government has pursued in regard to Dominion lands, without complaint from their supporters in or out of Parliament, would easily deprive the Province of the millions which our unsold limits are destined to realize under the policy pursued by the Reform Government of the Province.

#### ONTARIO AND DOMINION METHODS CONTRASTED.

The Province has realized so far from the bonuses obtained for timber limits nearly \$6,000,000, (\$5,859,592), besides ground rents and timber dues. The amount realized, including rents and timber dues, according to last printed papers, is nearly \$16,000,000 (\$15,745,526). This large sum, as I have already intimated, has helped to enable grants to be made in aid of important railways, and for the erection of buildings and other works needed for the public service. To get the best prices for the timber limits, times of prosperity have been chosen for the sales, the sales have been largely advertised, they have been made by auction; the limits have gone to the highest bidders, whether these bidders happened to be political friends or political foes, and by all these means the highest prices going at the time of the sales or before the sales have in every instance been obtained. The way of our opponents in dealing with the timber limits of the Dominion, where unhappily they have had power, has been different. Their sales, as a rule, have brought a mere song, they have not been advertised beforehand; have not been by auction; have been made privately, and the purchasers have, as a rule, been political friends of the Dominion Government, or the associates of political friends, often members of Parliament, and not persons engaged or intending to engage in the manufacture of lumber. These persons are allowed to buy at nominal prices in order that they may put either into their own pockets or into the political election fund the difference between what they pay and what would be obtained if the sales were conducted like those of the Reform Government of the Province. To prevent such scandals, Mr. Blake, in 1882, moved in the House of Commons that "It is expedient to apply the just principle of public competition to the granting of timber limits," and the motion was negatived by a party vote. The party wished to retain the power of rewarding in this way political friends or of obtaining money for elections.

Take a few well known cases illustrating the system pursued by our political opponents where they have power.

#### WHITE FISH RESERVE.

Take, for example, the case of what is called the White Fish Reserve. This reserve was one of the limits sold by the Province in 1872, and before my Premiership. The land was then supposed to belong to the Province. The price obtained at the sale was \$9,000, or about \$100 per square mile. The locality was at that time wild; there were no railways of which advantage could be taken, and the limit was, in consequence, difficult of access. All these circumstances affected the value. The Dominion Government afterwards discovered that the limit was an Indian reserve, and, in 1885, they re-sold it, privately and secretly, without advertising, without communication with us, and without our knowledge. The limit had increased in value since 1872, the C.P.R. having in the interval been constructed through the limit and the country opened up, good facilities created for getting in supplies and getting out logs and timber, and there had been no depreciation in any other respect. Yet, with all these reasons for an increased price in 1885, what did the Dom-



inion Government accept from their friend who purchased ? It is almost incredible, but the undoubted fact is, that not only did they not demand an increased price, but they did not demand or obtain one-tenth of the sum which our sale of thirteen years before had produced ; in fact not much more than one-thirtieth. In a word, the trifling sum of \$316 was accepted instead of the \$9,000 which we had got thirteen years before, or \$3.50 a mile instead of our \$100 a mile. There is no pretence that this sale can be defended as correct or proper. The purchaser shortly afterwards sold for \$15,000 the interest which he had bought for \$316, and in a short time afterwards there was a re-sale at a still larger sum.

#### HUNTER'S ISLAND.

Then again, take the case of Hunter's Island. This island was in the disputed territory, and contained a large quantity of valuable timber. Long after the award had been made deciding the island to be within our boundaries, and while the Dominion Government was, notwithstanding, disputing with us as to the title, that Government undertook, without any communication with us, and without advertising, to sell this limit also to a number of persons, and without exacting any bonus whatever. The purchasers immediately after their purchase put the limit into the market at \$600,000, and would have got that sum from Chicago purchasers, but the intending purchasers discovered in time that the Ontario Government claimed the island, and they therefore declined to pay. What the Dominion Government had attempted was to give away without any bonus a property estimated at \$600,000. The Province could not stand that way of dealing with the property of the Province.

#### ANOTHER CASE.

Take, again, the scandalous purchase by Mr. Rykert. That gentleman was at the time a member of the House of Commons, and he got at private sale, without any bonus, a limit for which he and his partner in the transaction almost immediately afterwards received \$200,000. This was not in Ontario territory.

The sworn evidence in the McGreevy case shows that the parties who get wrongful profits in transactions with the Government are expected to turn over a large share of these wrongful profits to the election purposes of the party, and that they do so accordingly.

Looking at the timber and land policy of our opponents where they have power, and on the fruits of that policy, as compared with the policy of the Ontario Reform party, and the fruits which the Reform policy has yielded, the Opposition carpings at our financial management are absolutely grotesque. Thus, they occupied a great deal of time in the Committee of Public Accounts to show that the officer whose duty it is to look after the supplies of groceries to the Toronto Asylum had allowed the sellers to get for some of the articles somewhat more than was necessary ; that a cent a pound might have been saved on some currants and some tapioca ; that a few cents a bottle might have been saved on some Anchovy and Worcester sauce ; that three cents a gallon might have been saved on some vinegar ; and so on ; that an unconscionable number of eggs appeared in the supplies for one of the medical officers, who lived in the asylum ; and that some objectionable luxuries appeared amongst the supplies obtained by others. I suppose every housekeeper sometimes finds that he might have got this or the other item of his supplies at a little lower rate than he paid if he had been more wide awake and better informed ; and an officer will sometimes be too lenient in regard to supplies desired by brother of-

ficers. But I do not suppose that any Government in the world has managed to avoid overcharges or waste of supplies to the same extent as the Ontario Government has. If any have occurred they are of trifling character, and nobody supposes or pretends that they occurred with the knowledge of any member of the Government. They are the merest bagatelle as compared with the proved losses to the country in Dominion matters from private arrangements with contractors and with grantees of timber limits; in regard to which it cannot be said that no member of the Dominion Government for the time being had anything to do with them, and yet the Provincial Opposition do not condemn them. We have taken steps, however, to prevent the possible occurrence of even these small overcharges and excesses in future. The effort to make capital out of them is all the more absurd in view of the fact that the aggregate expenditure in the maintenance of our institutions, including all supplies, is undeniably very small as compared with most other institutions of the same kind in the United States and elsewhere. And yet no institutions of the same kind anywhere are conducted more efficiently or successfully than our own. Experts from other countries who have visited us from time to time so reported on returning to their own country. Let me give you some samples of the comparative cost, as taken from official reports. Thus, the average annual cost per patient in the Ontario asylums, after taking into account all the alleged overcharges for groceries, is less than half the average in the like asylums in Buffalo and Utica. The averages in the asylums at Trenton, New Jersey; Columbus, Ohio; Pittsburg, Penn.; and Fulton, Missouri, are 50 per cent. more than the average in Ontario. The Belleville Institute for the Deaf and Dumb has a like record; the like institutions in New York State costing 50 per cent. more per patient annually. In like manner, the cost at the Brantford Institute for the Blind is greatly less than in similar institutions in New York State and city, and in Maryland, Illinois, Pennsylvania, Kentucky, and Massachusetts.

#### UNSOLD CROWN LANDS.

(2) The second item of Provincial assets which I have mentioned is our unsold Crown lands. Of some of these lands free grants are being made under statutory authority; and of the value or probable proceeds of such lands as may be sold, there has been no official or other estimate, and I, therefore, in reckoning the Provincial assets, put down no sum for these lands. Valuations, however, have been obtained of the site of the old Parliament buildings and other Government property in Toronto, which the Legislature has appropriated for sale, towards covering the expenditure on the new Parliament buildings, and I put down for these lands \$500,000.

#### DEBTS ON PAST SALES.

(3) The third item of our assets which I mentioned, is the unpaid purchase money on Crown lands already sold. An approximate statement recently prepared in the department shows the amount, with interest, to be about \$800,000 (or, more exactly, \$827,696). As all may not be realized, let me, to avoid all controversy, name one-half of this sum as the value of the item, say \$400,000.

#### THE SUBSIDY.

(4) The fourth item named of our assets, is the value of the annuity or subsidy to which the Province is entitled from the Dominion under the B. N. A. Act. The amount of this annuity under the B. N. A. Act is \$1,196,872, or nearly \$1,200,000. A perpetual annuity of



that amount is of the present value of about \$24,000,000, reckoning money as worth 5 per cent. If the money, in case it were in hand and invested, would not bring 5 per cent. (as it would not), the present value of the annuity to the Province is more than would be represented by a capital of \$24,000,000. No business man and no company, in making up a balance sheet, would put such an annuity down at less than that sum. Occasionally it is suggested that the subsidies to the Province should be abandoned, and the Provinces left to raise by direct taxes what they now receive from the Dominion Government. This, however, can only be done on the common consent of all the Provinces; and there is no chance whatever of the other Provinces agreeing to such a proposal, whatever Ontario might be willing to do. I doubt very much if a majority of even the people of Ontario would be willing to give up the subsidy at the expense of adding the amount to their municipal taxes, notwithstanding all that could be said in favor of that course.

#### THE FOUR ITEMS.

*The four items* which I have mentioned at the low estimates at which I propose for my present purpose to take them, amount to \$74,900,000, though that amount is greatly below what the facts and evidence point to as the proper and reasonable amount.

This amount is arrived at, as you will have observed, after making liberal deductions, setting down nothing for unsold Crown lands, except the lands in Toronto which are held for sale, and setting down nothing for the 89,000 square miles of territory of which no estimate has been made. Nor have I set down as assets our Parliament buildings, our Agricultural College buildings, our Model and Experimental Farm, our Mimico land, our School of Practical Science, our Central Prison, our Reformatory for Females, our Penetanguishene Reformatory, our Asylums for the Insane at Toronto, Hamilton, London, Kingston and Mimico, and for Idiots at Orillia, our buildings for the blind at Brantford and for deaf mutes at Belleville, and our lockups and other public buildings and public works throughout the Province. These cost many millions, and are worth, for the purposes for which they are used, all that they have cost. But no other use of any of these being contemplated, except the public uses to which they are now put, I omit them from the statement of saleable or revenue-producing assets.

#### SURPLUS ASSETS.

Then come the items which successive Treasurers, from the time of the Treasurer the Hon. E. B. Wood, have been in the habit of bringing together in their financial statements to the House on going into supply each session. They consist of cash in hand, and some items which are regarded as quasi-cash items. The following are the particulars:—

(1) Trust funds in the hands of the Dominion Government, as to which there is no dispute, and on which the Dominion pays the Province interest at 5 per cent. These funds on the 31st December, 1892, were stated in the Treasurer's financial statement, in the session of 1893, to be as follows:—

The Upper Canada Grammar School fund.....	\$ 312,769
The Upper Canada building fund.....	1,472,391
The Land Improvement fund.....	124,685

\$1,909,845

(2) The Common School fund in the hands of the Dominion, and of which Ontario's share was set down at \$1,441,882.

(3) Dominion debentures on hand, in December, 1893, and since

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, \$167,321.

(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 \$1,590,519. 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, \$1,090,519.

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

Add to this the \$74,900,000, and we have as the total amount of our assets, at very lowest estimates, not less than \$80,652,313.

The debentures, which are amongst these particulars, 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 in favor of 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-

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.

### THE RAILWAY SUBSIDIES.

Though the surplus in respect of the Ontario's Treasurer's special items, is upwards of five millions of dollars after deducting all liabilities presently payable, and though our surplus is more than seventy millions when all our revenue-producing assets are taken into account, and all liabilities deducted, including those not presently payable, yet Opposition speakers and writers choose to say, and they sometimes get the unthinking to believe, that any supposed surplus is a myth, and that the true state of the assets of the Province is to be ascertained by setting off against the special items mentioned in the Treasurer's annual statement (omitting all other assets) the total gross amount of our liabilities for railway annuities and certificates, though not presently payable, and without even making any deduction in consequence of these liabilities not bearing interest before becoming payable. Other opponents are still more wild in the same direction, for they would also exclude from the account of assets all the funds of the Province in the hands of the Dominion, except any represented by debentures. As to the railway certificates and annuities, they say that, though not yet payable, they are debts of the Province. I agree that, in an account setting forth (as I have been doing) all our assets on one side, all our liabilities of every kind should be set down on the other side, and at whatever sum may be proper. But if in the account or balance sheet you only set down some of our assets, and, in fact, but a small part of them, what then? Why set future liabilities against these special assets? Why set future liabilities, which bear no interest, against items which bear interest, when the account leaves out all other assets? Why not set future accruing liabilities against future accruing items of our assets? The accruing interest on the items of interest-bearing assets will be far more than enough every year to pay accruing annuities and certificates coming due in that year. The interest received on the items specified in the Treasurer's last financial statement, amounted on the 31st December, 1892, to \$336,739, while the railway certificates and annuities due in 1893 were \$219,616 only. The amount for the Province to pay in 1897 will be considerably less than it was in 1893, and there will be a further drop in subsequent years.

So, again, even if we had not that interest coming in, we shall have an annuity accruing to us every year from the Dominion Government of more than five times the railway annuities and certificates which we shall have to pay in that year; and this annuity is not amongst the assets from which is shown the surplus of five millions or more. What common sense, then, is there in saying that the annuities which in future years we have to pay are not to go against either the annuity to be received, or the interest accruing in those years, but against our cash capital only?

### THE DOMINION VIEW OF RAILWAY SUBSIDIES.

The Opposition pretence, that, in stating the amount of our debts presently payable, these other liabilities should be added as ordinary debts, is specially curious in that the argument is in the direct teeth of the practice of their own party at Ottawa, as I have already intimated, and though the Dominion practice has not the support of any accruing revenue worth speaking of from timber or Crown lands, or from other sources, corresponding with the items of Provincial assets which the Treasurer names in his statement. The Dominion treats all annuities, whether terminable or permanent, as on the same footing with the pay-



ments which have to be made every year for Legislation and Government, and other matters of yearly occurrence, and I am not aware that any one has made any objection to that method in the case of the Dominion.

Again, the Dominion has issued railway certificates, payable at future annual dates, like the railway certificates and annuities of this Province. But they are never set down in the public accounts, or otherwise, among the debts of the Dominion.

So, in the Year Book for 1892, published by the Dominion Government, the Ontario railway annuities are expressly treated in like manner. This book has a table (p. 176) of "Provincial debts," and debts of all the other Provinces are given by the Dominion in this table, but none of Ontario. Our annuities are thus spoken of in this Dominion book:—"The Province of Ontario has sold annuities to the extent of \$1,432,519 to provide for railway expenditures, but these amounts are paid off by a fixed term every year, and, while a liability, do not stand on exactly the same footing as ordinary public debts."

But railway annuities are not the only annuities payable by the Dominion and never included in its public accounts or otherwise as debts. Large annuities are payable by the Dominion to the several Provinces under the B. N. A. Act, or under subsequent Dominion legislation, and these, like the railway annuities are not added up or capitalized and included in the amount set down as debt, yet they are liabilities just as much as the railway obligations of this Province are liabilities and are in fact more like debts, because they are permanent annuities, instead of being terminable like the railway annuities of the Province. But in the judgment of the Dominion Government, though liabilities, these annuities and future annual payments do not stand on the same footing as the public debt, but are like any other necessary payments of yearly occurrence.

So, also, the Dominion is under liability for annuities to retired officers of the Government, amounting annually to about a quarter of a million dollars, considerably more than Ontario's annual liability for railway certificates and annuities, and these Dominion obligations are not taken into account as Dominion debts.

Thus, in this matter, as in so many others, our opponents pretend to find fault with the Ontario Government for things which as supporters of the Dominion Government they have to defend, and on far inferior grounds.

#### RESULT.

In view of the facts which I have mentioned to you this evening, the people of Ontario, and especially the Liberals of Ontario, may well congratulate themselves on what the careful administration of Provincial affairs has accomplished for the Province since Confederation, and on the noble provision also which still remains for the future, if the governments of that future shall be as prudent and correct in their dealings with the assets of the Province as the Governments of Ontario have been in the past.

How others than Reformers may be expected to act if they should obtain power it is reasonable to judge from what they have done and are doing in Dominion affairs, where they have so long had power. Don't trust them, men of South Ontario, with Provincial power likewise. Trust rather those whose fidelity has been proved by twenty-three years of (I venture to say) good government and prudent administration. Trust rather the Government and the party of which your own representative is an honored member.

## RESOLUTION OF CONGRATULATION.

As soon as the cheers which followed the speech ceased, Mr. J. L. Fowke, seconded by Mr. P. R. Hoover, moved the following resolution :

"This meeting desires to express its pleasure in welcoming the Premier on this visit to his old constituency, which will never cease to be proud of the fact that it was the first to return to the Canadian Parliament that statesman who has done so much to place and maintain our fair Province in the enviable position which it now occupies.

"We have watched with the most friendly interest and admiration the Premier's able conduct of our Provincial affairs, his masterly defence of our Provincial territorial rights and liberties against all aggressors, and his careful and economical husbanding of our financial resources. We have been delighted with the exhibition on this occasion of that strong and comprehensive grasp of public questions which he has always shown, and we rejoice at this opportunity of expressing our renewed confidence in him and his Government, and our wish that he may long continue to control the helm of state as Premier of this Province."

**NOTE.**—The Premier, in the above speech, set down the value of the timber of the Province at \$50,000,000, pointing out that the valuation of Mr. Dennis, the Deputy Minister of the Interior, and other facts mentioned, showed a value in 1887 of \$128,025,000; but that, to avoid all controversy as to value, he placed the value at the reduced figure of \$50,000,000. Oddly enough, after the speech was delivered and reported in the public journals, the Lieutenant Governor received a despatch from the Dominion Government, dated 23rd February, 1891, to the effect that Mr. Dennis' estimate was really but 2,000 million feet, b.m., and not as Mr. D. himself had stated, 28,000 million feet. Mr. Dennis gave the larger figure in a letter so long ago as 1879, when applied to for information by a gentleman, Mr. Dymond, who had asked for the facts for the purposes of a pamphlet which he was preparing for the Ontario Government respecting the extent and resources of our North-West Territory. The naming of 28,000 millions instead of 2,000 millions is attributed to an error in transcribing the letter from shorthand notes. It appears that on receiving a copy of the pamphlet, Mr. Dennis and his secretary wrote to the author of the pamphlet, stating the error, and suggesting that it should be corrected in some way. As the pamphlet had been published, and as Mr. Dymond doubted whether the new figure was more accurate than the one first given, he did nothing in consequence of the letters. It is curious that those who were responsible for the original statement allowed it to remain for 15 years without public correction, so far as known. Still, accepting the correction, the reduced amount of 50 million dollars, named in the speech as the value of our timber, is 50 per cent. under the real value according even to the corrected estimate, as the following figures show:—

The area of unlicensed territory in 1887 according to the Crown Lands officers, estimated by them and not by Mr. Dennis, was 24,410 square miles, and was estimated by them to contain an average of one million feet per square mile, the estimated bonus per thousand being \$1.50, and \$1 for dues, together \$2.50, which would make the value of the 24,410 miles : .....	\$61,025,000
Add for the remainder at the reduced estimate of 2,000 millions of feet (instead of 28,000 millions), and the value would be : .....	5,000,000
Add for the dues on the licensed territory according to the estimate. ....	10,000,000

Making in all for the standing timber in 1887 no less a sum than, ..... \$76,025,000 instead of the Premier's more moderate estimate of \$50,000,000. The difference will cover several times over the deductions for sales timber cut, and fires since 1887. So much for the value of one item of those Provincial assets which either produce revenue now or are available for that purpose in the future.



