

May 20, 1873

PROVINCIAL ASSUMPTION OF DEBTS

Hon. Sir JOHN A. MACDONALD moved the second reading of the Bill to readjust the provincial debt. He said in consequence of the resolution of the House last night in regard to the printing contract, there had been some delay in the printing of the Bill, but his hon. friend the Minister of Finance desired to move its second reading today.

Hon. Mr. CAUCHON said, without speaking at all of the question of the liabilities of the respective Provinces, some provision should be made by which Upper and Lower Canada should be treated on the same basis, and have as equal and fair share of compensation arising out of this distribution as the other Provinces.

He gave notice that on the third reading he would move, seconded by Hon. Mr. Dorion, in amendment to the fourth clause of the Bill, that the following words be added:—"Provided always that these last amounts go towards equalizing the debts and subsidies between all the Provinces, according to population, real or assumed, with which they entered Confederation."

Hon. Mr. WOOD said the Hon. Minister of Finance (Hon. Mr. Tilley) must keep a running account with the Provinces, and when the debt of any party exceeded that stipulated in the statute be charged that Province 8 per cent upon the differences, or vice versa when the amount was under the stipulated sum. It was an impossibility, notwithstanding the remarks of the Minister of Justice the other night to close that account.

Hon. Mr. TILLEY: You are right, we cannot do it.

Hon. Mr. WOOD said, speaking generally, he did not see that this would in any way settle the difference between Ontario and Quebec. He wished it would. (*Hear, hear.*) However, they had always managed to keep their tempers over the matter. He contended that the difference surrounding this matter would be as great as before. As to the advantages to the Provinces, it seemed to him it would be very small. Ontario and Quebec would each receive between \$3,000,000 and \$4,000,000, Nova Scotia over \$67,000, New Brunswick over \$60,000, British Columbia about \$11,000, and that to Manitoba as small as \$6,967. This was too little for that poor, small Province, and the Minister of Finance would require to make some provision for it. Increasing subsidies all round amounted to \$13,386,934. The debt at Confederation was \$77,000,000, and it might surprise those who had studied the matter thoroughly that it had now reached the sum of \$82,000,000.

This was caused by subsidies to the several Provinces being treated as an usual charge upon the revenues instead of being capitalized and treated as a consolidated debt, as was the case in the old Provinces of Canada. Then there were \$40,000,000 to be expended upon Public Works, \$1,000,000 on the Intercolonial Railway, \$20,000,000 on Canals and \$30,000,000 upon the Canada Pacific Railway subsidies alone, without accounting for the sum voted the other day to New Brunswick, under the heading of

compensation for timber dues, would amount to over \$34,000,000. New subsidies, as he had already stated, amounted to \$13,284,000, New Brunswick export duty \$3,000,000, Prince Edward Island \$7,704,000; that is to say a total of \$226,683,700 of debt up to the present time. These items were so simple that they were easily calculated, and he did not see how his hon. friends could have arrived at the conclusion to which they pointed.

It was said the country was very prosperous which conclusion was arrived at upon the basis of the treaty, returns, imports and exports particularly. He reminded the hon. gentleman of the debts that followed the period of financial prosperity from 1846 to 1864, during which so many railways and public works were under construction. No doubt for a few years to come the expectations of the Finance Minister would be realized, but we were heading up against time, the tide turned and heavy burdens were being laid upon the country by this Government against the future. He reminded by asserting that our public debt was not a cent less than he had concluded, namely above \$110,000,000.

Hon. Mr. TILLEY: If the hon. gentleman had gone on and extended all the obligations of the Dominion he might have greatly increased the amount of the liabilities of the country. By the bill the debt would be increased from \$62,500,000 to \$73,000,000. He hoped some means could be divided by which Ontario and Quebec would agree upon the assets.

Hon. Mr. DORION (Napierville) referred to the passing of the Act of Confederation, when it was expected everything would work smoothly; yet they had extended upon the first session of the second Parliament when it was proposed to have everything to place. It was prepared to give to New Brunswick a subsidy which was agreed to about \$1,000,000, and which would be \$800,000 more than they were entitled to by the figures of the Finance Minister himself. When the Government were asked how it was they happened to take up the question, a reply was given that it was the member from Napierville who had proposed such arrangement two years ago. He denied that he made any such proposition. It was of a different nature.

The Finance Minister (Hon. Mr. Tilley) had shown that he was unable to grapple with the question of the settlement of the decision of the debt between Ontario and Quebec. If he could not deal with it let him appoint a committee to enquire into the whole subject. He held that under the Confederation Act, the Great Western and Northern Railway debts should go to the reduction of the debt of Ontario and Quebec, and he argued that, judging from what had been stated in the House, we would have a demand in a few years from the New Brunswick and Nova Scotia Governments to hand over the railways in these Provinces to them.

Hon. Mr. WOOD: We will be willing to give them to them.

Hon. Mr. DORION (Napierville) said that taking into consideration the position of these roads he promised the Dominion would not raise much objection. He argued that the Government should take into their hands the settlement of the whole question of