

ment that there should be a sum actually owing to these provinces, a sum of money which they can call upon the Dominion for at any time, I think we should be extremely guarded in the wording of the resolution. I am not sure that the resolution as worded now will really carry out the intention of parliament. I do not know who the draughtsman was, whether it was the hon. Minister of Justice (Mr. Fitzpatrick) or the hon. Minister of Finance (Mr. Fielding). I would rather have supposed that it was the Minister of Finance.

Mr. FIELDING. Is that because it is so good?

Mr. HENDERSON. It is so good.

Mr. FITZPATRICK. You must remember that my hon. friend the Minister of Finance was not consulted about this Bill according to the theory of hon. gentlemen opposite.

Mr. HENDERSON. My hon. friend the Minister of Justice has forgotten that this clause was not published or given to the House until after the Bill had been introduced, or until after my hon. friend the Minister of Finance had returned from his European trip.

Mr. FITZPATRICK. Not at all.

Mr. FIELDING. I will accept responsibility for it.

Mr. HENDERSON. Well, now we know who the draughtsman is, and I am glad we do, knowing some of the opinions which the hon. Minister of Finance held in regard to an arrangement of a very similar character as between the province of Ontario and the Dominion of Canada, and knowing that the hon. Minister of Finance, in regard to the large sum of \$2,848,000 which the province of Ontario alleged for many years was an asset of that province, supported that contention, and that he held that at any time the province of Ontario had the right to call upon the Dominion to pay over that large sum of money. Knowing that fact, I may well suspect that there may be something in even the drafting of this clause that will allow these new provinces to call upon the Dominion for this sum of \$8,000,000. Whether that is the intention of the hon. Minister of Finance or not I hardly think it is the intention, or will be the intention, of this committee. I rather think the intention will be to grant this \$400,000 from year to year as a subsidy.

In the year 1884, the Dominion of Canada granted an additional subsidy to the province of Ontario of \$142,414, based upon a capital sum of \$8,848,000, which it was alleged was owing to the province of Ontario by the Dominion of Canada, alleged not as a matter of fact, but simply as a matter of calculation. The sum arose in

this way: From 1867 to 1873, the province of Ontario was charged the interest on five-ninths of the excess of debt which the provinces of Upper and Lower Canada had over the \$62,500,000, when they went into confederation. In 1873, a readjustment of subsidies was made and the Dominion government agreed to assume the entire excess of debt of \$10,500,000 owing by the old provinces of Canada and to relieve the old provinces from the payment of interest. In other words they practically made the provinces of Ontario and Quebec a gift of \$10,500,000, because these provinces were for ever relieved from the payment of interest on that money. This seemed to be a very generous act on the part of the Dominion government, and it is just one of those things that I apprehend will occur in the administration of the affairs of these provinces when a demand is made for better terms. However, we will say nothing more about that now. The provinces of Ontario and Quebec were satisfied in 1873 to get rid of \$10,500,000 of debt and throw it on the shoulders of the whole of the people of Canada. Nothing more was said until 1884, when the demand was again made for better terms by the provinces and the government then led by Sir John Macdonald felt constrained to come to the relief of the provinces again. The words quoted by my hon. friend from East Grey (Mr. Sproule), I think, made use of by Mr. Blake, were very apt indeed. These applications came time after time, and we had the continual repetition of the same old story; better terms, better terms and better terms. In 1884, it became necessary to conciliate the different provinces, because, I think, that was really the purpose for which the new subsidy was given, and it became necessary to find a basis on which the new subsidy could be granted. The fact was that the British North America Act provided no means for an increase of subsidy and it was necessary to devise some means. The province of Ontario said: You assumed our excess of debt in 1873 and relieved us of the half yearly payment of interest. We had paid for the first seven years after confederation. Now, if you had the right to assume that excess of debt and relieve us of that interest in 1873, it was right that it should have been done in 1867, and you ought to refund to us the interest we paid during those seven years. A calculation was made, because it was conceded by the government of the day that they would have to do something, and I think, the gentleman who made the calculation at that time was the present Auditor General, he having made it before he became Auditor General. The calculation was made that 13½ half-yearly payments of interest at five per cent up to 1884 would amount to \$2,848,000. In 1884, a Bill was passed by this

Mr. HENDERSON.