

trovery on our hands, similar to what has existed in Ontario for many years.

Mr. FIELDING. I do not think there is much difference substantially between the hon. member for Halton (Mr. Henderson) and myself with regard to the nature of these payments. His contention as I understand it is that they should be subsidies or annuities, that the sums are marked as interest simply with that intention.

Mr. HENDERSON. I presume that the hon. gentleman's intention is that these sums will be paid as annuities in perpetuity, but I think the language of the resolution is not sufficiently definite to protect parliament in that contention.

Mr. FIELDING. That is the contention I know that my hon. friend has always made in relation to the case in Ontario, and it has always been arguable. There is however a difference between the Ontario case and this case. In the case of Ontario the Act under which these increased sums are granted treated them as capital. I am speaking from memory but I think that is correct. The government of the day carried those sums to the credit of the province of Ontario, and they remained as a debt due by the Dominion to the province of Ontario and were so placed in the public accounts. This parliament passed an Act a good many years ago which declared—I am speaking from memory but I think I am correct—that where there is a sum available in the debt account of any province that sum may, on the application of the government of the province, be withdrawn for the purposes of public works. Under that Act various provinces of the Dominion did withdraw from their debt accounts sums of money, thereby reducing their capital sum and thereby reducing their annual revenue. When the question was raised in regard to the province of Ontario, my view was that, under the Act, Ontario could under certain conditions, which I shall state later, apply to the Dominion for that money, and that under those conditions the province might receive that money as a payment out of its own invested capital. Of course, I went on to say that it was not a practical question inasmuch as it was not conceivable that the province of Ontario would withdraw money earning 5 per cent when it could go out on the public market and borrow at 4 per cent or less. Therefore it always seemed to me to be rather more of an academic subject which we were discussing, a matter not likely ever to take practical shape. But under an Act passed away back in, I think, 1874, provision was made that a provincial government might under certain conditions withdraw from its capital accounts at Ottawa sums of money for public works. I think that in the beginning of the matter when that Act was passed it was entirely a matter for executive action between the governments of the provinces and

Mr. HENDERSON.

the Dominion. That is to say if the executive of the province made application for the money and if the executive of the Dominion should see fit to grant it, the money might thereupon be paid out for the purposes designated, always limiting it to public works. Later on, about the year 1885, the Act was amended to provide that a province could only make applications for money out of such funds when so authorized by the provincial legislature; and, speaking from memory, I think that is the state of the law to-day. In order to draw money out of that capital fund, there must first be the authority of the provincial legislature supporting the demand of the provincial government, and then it becomes a matter of discretion with the Governor General in Council whether or not he will advance the money for the purposes stated. That was the substance of the answer which I gave to the government of the province of Ontario. As I said a moment ago I treated it rather as an academic question, for I did not quite see how it could practically rise. The money was earning 5 per cent in the treasury of the Dominion, and as I said it was hardly to be supposed that the government of any province would withdraw that money when they could go out on the public market and borrow money at 4 per cent or less. So much on the general subject of the law. In the case of Ontario that sum was carried into the public accounts as a debt due by the Dominion to the province of Ontario. I admit that under the language used in this resolution it is not declared to be capital, and perhaps there is some room to doubt whether under this we could capitalize it. I am rather disposed to take the view that it ought to be regarded as an annuity and not as a capital sum. I understand that is the view suggested by my hon. friend (Mr. Henderson), that he thinks it ought to be an annuity and not a capital sum. There is a good deal to be said in favour of that view and before the matter is finally disposed of—I shall not regard it as final now,—I am inclined to think much might be said in favour of inserting words which would make that clear. I quite realize that these amounts which do not represent an actual debt, represent allowances made to one province or another in accordance with the various conditions of the public debt; that these are all methods of bookkeeping. They were not actual debts; but, by virtue of the terms on which these grants were made, in some if not all instances, they were carried into the public debt account of the Dominion. In that account they stand as debts due to the Dominion by the province, and I am inclined to think that the legal gentlemen opposite will say that if the province saw fit to make application to the Dominion executive, we could pay money out of that fund for the construction of public works. That was