

Mr. FIELDING. Yes. Since I heard the letter read in the fine round voice of the hon. member for Halton (Mr. Henderson) I am rather proud of it. I think it is rather a good state document and I think it stands the fire to-day. It was written as a business document, but after I had obtained advice as I should in important matters from the Department of Justice. The only reasons for inserting a capital sum and the interest thereon is this that in all past negotiations or arrangements between the Dominion and the provinces, you make a certain allowance in connection with what is known as the debit account and in order that you may deal fairly with a province it is necessary to know the basis on which such arrangements are made. It is a convenience in comparisons hereafter, to have the matter thus stated, but the amount allowed is not interest; it is a sum equivalent to the interest and I believe that legal gentlemen say the difference is very great.

Mr. HENDERSON. In the Act of 1884—and I am sorry I have not the statute before me—it is stated distinctly that the 5 per cent on \$2,848,000 should be paid over each and every year, half-yearly, to the province as an additional subsidy.

Mr. FITZPATRICK. No.

Mr. HENDERSON. I think that is a stronger term than anything used here.

Mr. FIELDING. Am I not right in saying that in that case the sum was to be treated as capital?

Mr. HENDERSON. I believe the hon. minister is right.

Mr. FIELDING. We do not so treat it in this case.

Mr. HENDERSON. By inference we certainly do, by the fact that we are paying a sum that is declared to be interest.

Mr. FIELDING. Not interest, but the equivalent of interest.

Mr. HENDERSON. The equivalent of interest.

Mr. FIELDING. That is all the difference in the world.

Mr. HENDERSON. I think the difference is not sufficient as long as the word is used there.

Mr. SCOTT. I trust the hon. member for Halton (Mr. Henderson) is not arguing that this province in this respect should be placed on a different basis from the other provinces of Canada. I am not very clear on this matter myself.

Mr. HENDERSON. Will the hon. gentleman pardon me. I thought I had made myself so clear that he who runs might read. I stated distinctly that I was not attacking the allowance made to those provinces, and I was very careful in all

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the discussion to find no fault with the allowance. I only desired that the province should clearly and distinctly understand what it is getting and that this parliament should clearly and distinctly understand what it is giving. Now beyond that I am quite sure I have not gone, and it does not remain for the hon. member for West Assiniboia (Mr. Scott) to charge me with trying to keep anything back from the new province which the government is disposed to give it.

Mr. SCOTT. I am still somewhat in the dark myself about this matter, but I recollect that we had a discussion concerning capital accounts a couple of years ago when it was proposed to advance a quarter million dollars to the Northwest Territories as a capital advance, and I think I recollect the statement made in the House at that time that it was possible for the other provincial governments to draw from their capital if they wished to do so. For instance there was a certain number of million dollars standing as capital account to the credit of New Brunswick or Nova Scotia, and it was open to those provincial governments to draw that capital although of course afterwards they would draw less interest and certainly, speaking on behalf of a portion of the people who are to compose one of these new provinces, I wish to stand out for equal treatment. If I am mistaken about this matter well and good, but we certainly should be placed on exactly the same basis as the other provinces have been in regard to capital or debt account.

Mr. FOSTER. If my hon. friend were wise and were looking after the interests of the Northwest provinces, I think he would rather have the matter arranged so that they could not withdraw and dissipate their capital. If they had the sum of \$8,000,000 which they felt they could withdraw by the million or half million each year, it would be an additional temptation to them to dissipate for present needs what should be kept for the future. I would have it understood that while they could draw the percentage of that from year to year, it should be kept as a never-failing source of income. I think it is a question whether the maritime provinces have done the best for themselves by dissipating their capital and drawing upon it for present necessities and coming to the point of finding a diminishing revenue because they have eaten up their capital. If I were from the Northwest, I should want to have it fixed that the capital from which the yearly payments arose should never be diminished, or liable to be taken for present and pressing necessities. I think it would be better for the province.

Section agreed to.

Section 19 agreed to.