

from the civil servants, with the rate of interest paid to ordinary depositors, because you are compelling the civil servant to give up part of his earnings. Surely if the Government does that it is only fair that the rate should be augmented by the additional 1 per cent or  $1\frac{1}{2}$  per cent. The idea the Government has in view, as I understand, is to encourage the civil servants to provide money when the time comes for them to retire, and in my opinion they should be allowed a liberal rate of interest on that. I feel like my hon. friend from Pictou (Mr. Bell) that some encouragement should be given to the civil servants in carrying out this idea. I have always felt that it was a hardship that when civil servants paid into the superannuation fund for a number of years to provide against a rainy day, that when they died their families were left destitute, it was a great hardship that they got no return for the money thus invested. In this respect the present Bill is an improvement on the old law. The idea of the Government is to encourage thrift amongst the civil servants so that when they retire they may have some money to draw upon, and in this connection it is only fair that the Government should allow them 4 per cent.

Mr. ROGERS. I do not agree with the hon. member for Pictou (Mr. Bell) that it is any hardship on the civil servants to retain this money from their salaries. As the Bill originally stood compelling those who are under ten years in the service to come under its operation, I felt that it was hardly fair not to give them 4 per cent. But as the Bill now only applies to those who will enter the service hereafter, only it is no hardship to allow them 3 per cent because they know what they are doing when they enter the service. There are many other avocations in life which they can fill if they think these terms are not fair. Perhaps this might be an incentive to many who are looking for civil service positions to look to some other calling in life, and if it did that it would do a great deal of good. I agree with the hon. member for North Wellington that 3 per cent interest is quite enough, especially when you are only allowing  $2\frac{1}{2}$  per cent to depositors in the Government savings banks.

Mr. SPROULE. I want to add a word by way of explanation for fear that I may have been misunderstood. In speaking on the second reading of this Bill, when I drew attention to the fact that the Government were allowing 5 per cent on the investments of the civil servants while they only allow the labouring man  $2\frac{1}{2}$  per cent on his deposit, I did not intend to convey the impression that I was opposed to giving the 5 per cent, but it was rather with the object of convincing the Government that the rate of interest they were allowing the investors in the Post Office and Government Savings

Mr. GIBSON.

Banks was far too low. In my judgment the Government would be justified in paying a higher rate of interest than the ordinary under such circumstances, so that small investors who put their savings in the possession of the Government might be encouraged to thrift.

The POSTMASTER GENERAL. I would remind my hon. friend from North Wellington (Mr. McMullen) that there is a good deal of difference between allowing money to be deposited and withdrawn at the will of the depositor at a few days' notice, and receiving and retaining for a generation the deductions from civil servants' salaries. The depositor can withdraw the money whenever he can place it to better advantage and get a high rate of interest, but the civil servant is obliged to allow his money to remain. I would also say to my hon. friend (Mr. McMullen) that the 4 per cent proposed to be allowed here is quite a drop from the allowance contemplated by the Superannuation Insurance Act. By that Act, which was passed in 1893, 6 per cent compounded is allowed on deposits in the insurance fund; and in like manner the amendment made to the Superannuation Act in 1893 estimated 6 per cent as the basis upon which the moneys of officials would be received and held. So that in this Bill we are making some progress in the right direction, in the view of my hon. friend, in reducing the rate from 6 per cent to 4 per cent.

Mr. McMULLEN. The deduction which is made from the salaries of civil servants should be held as a guarantee of good faith and efficient service on their part. In many of the departments they do not give any security, and this is the only security which the country really holds for the faithful discharge of their duties. If they were called upon to give bonds, and pay annually to secure those bonds, that would cost them about as much as the deduction from their salaries.

Mr. McDUGALL. How is this a security?

Mr. McMULLEN. This is no security at all. It should be held as a security, but it is not. Under the Bill a deduction of 5 per cent per year is made, and that is returned to them with 3 per cent added, whether they act faithfully or unfaithfully. There is no provision that if they get into difficulty and have to resign, or if they become dissipated and have to be dismissed, this money shall be held. I maintain that if we return to them what they have paid in with the 3 per cent, we are giving them all they are entitled to; but to my mind, there is no argument for returning the money to them with 4 per cent, and without any security.

Sub-amendment (Mr. McMullen) negatived: Yeas, 2; nays, 51.