accept the provisions of the Act. I move that the clause be amended so as to read as follows :—

2. This Act shall apply instead of the Civil Service Superannuation Act—

(a) To every person hereafter appointed to the civil service ;

(b) To every person now in the civil service who, before the 1st of January, 1899, with the consent of the Governor in Council, elects to accept the provisions of this Act in lieu of those of the Civil Service Superannuation Act.

Mr. CLARKE. I understand, then, that those who have been in the service ten years will have the option of coming under the Act up to 1st January, 1899 ?

The POSTMASTER GENERAL. It is optional with them, but the consent of the Governor General in Council is necessary. There is nothing compulsory about it.

Mr. BELL. This does not affect the provision regarding those who have been less than ten years in the service ?

Mr. MONTAGUE. It is compulsory only on those who come in after the Bill becomes law.

The POSTMASTER GENERAL. It applies to new appointments.

Section as amended, agreed to.

On section 5,

The POSTMASTER GENERAL. I move to strike out in section 5 the third and fourth line and to substitute 4 per cent instead of 5 per cent per annum as the rate of interest.

Mr. McMULLEN. I must enter my protest against the proposed rate of interest. I do not think 4 per cent should be allowed when the Government only gives 2½ per cent to depositors in the savings banks. I move in amendemnt to reduce the rate to 3 per cent.

Mr. ROGERS. I was willing that the rate should remain at 4 per cent if the ten-year clause had remained in the Bill. That clause should not have been changed. I am, however, in favour of paying 3 per cent, and I second the amendment.

Mr. FOSTER. I have some sympathy with my hon. friend (Mr. McMullen), and I should be glad if he would explain the principle on which he moves in amendment that the rate be 3 per cent. Does he mean to say that civil servants are only half per cent better than depositors in savings banks, and on what principle does he give half per cent, and not one per cent or one and a half per cent more ? If there is a good solid principle behind his amendment, I might feel inclined to vote for him.

Mr. SPROULE. I feel like going almost the length of the hon. member for North Wellington (Mr. McMullen)—though I would not be against giving them 4 per cent—but the hon. member (Mr. McMullen) did not assist us in trying to keep the interest on the poor man's savings in the Post Office and Government Savings Banks up to 3 per cent, and on the contrary spoke in favour of it being cut down to 2½ per cent, while for my part I was very much against that proposal. I have always been opposed to reducing the rate of interest on the poor man's savings in the Government banks, because those moneys belong to the smallest wage-earners in the country. If I had the power of moving an amendment to the amendment, raising the Government rate of interest on savings banks deposits up to 3 per cent, perhaps, I might join with the hon. member (Mr. McMullen) and we would make the rate 3 per cent in both cases.

Mr. McMULLEN. It is right in my opinion that we should allow small depositors, such as artisans and mechanics, in the Government savings banks the same rate of interest we have to pay for money which we borrow in the markets. I hope that yet the Government may see their way clear to do that. I consider it costs us about 3 per cent to borrow money including all charges and we should not allow the civil servants more than that rate. They are the best paid class in this Dominion, taking them all in all, and there is no place they can get 4 per cent on their deposits. If we allow them 3 per cent we allow them a very good rate considering that we have to bear the expense of taking charge of the fund. Three per cent is all they are entitled to.

Mr. BELL (Pictou). The hon. gentleman (Mr. McMullen) has evidently not given this matter much consideration. He should remember that he is speaking of money which is taken from the civil servants against their will and which is worth a great deal more than 4 per cent to them in many cases. He is not speaking now of funds which men have accumulated and wish to invest, but he is speaking of money which civil servants require for their daily use, and no doubt many of these civil servants will have to borrow money and pay from 7 to 10 per cent for the use of it. It is perfectly absurd to draw a parallel between this civil service fund and money which people throughout the country have saved and wish to place in safe-keeping with the Government. Circumstances are altogether different. For my part I would much rather move an amendment to the Postmaster General's amendment, that the rate be restored to 5 per cent as it was originally intended. Any ordinary man who has no money to save would look upon it as harsh treatment if he were compelled to give up part of his earnings and receive only 4 per cent interest on it.

Mr. GIBSON. I agree that it is not fair to compare the rate of interest allowed by the Government on the money retained