

pose could be served by arguing it out now. The government of Nova Scotia many years ago withdrew money from its capital account under the authority of the Act to which I have referred; but in later years, when the conditions of the money market changed, it would have been a supreme act of folly for the province of Nova Scotia to have continued that policy. There is \$1,000,000 in round figures to the credit of the province of Nova Scotia to-day in that fund, standing in precisely the same way as other moneys stand to the credit of other provinces, and under that Act I have no doubt the province could come here and obtain a portion or all of that money; but although it adopted that policy in former years, when interest was high and the credit of the province was not well established, it would be a foolish thing to do it to-day. I do not pretend to discuss the legality of the proceeding, but it would be such an exceedingly foolish thing for any province to withdraw money which is drawing 5 per cent at Ottawa that I do not think it a practical question.

Mr. INGRAM. For years the province of Ontario did not capitalize its subsidy, but simply had placed to its credit \$142,000. But the brilliant idea struck those hon. gentlemen in the Ontario government of placing the \$2,848,289 in their accounts as an asset. That was a subject of contention between the two political parties in Ontario, and to get round the difficulty, the Ontario government opened up correspondence with the hon. Finance Minister. It is true, the hon. gentleman stated in the correspondence what he has stated to-day; but I venture to say that the Minister of Trade and Commerce (Sir Richard Cartwright), who knows all about the transaction, will not express the same opinion. If it is a legal and proper payment, this government are not doing their duty if they do not insist on paying less interest or else paying the money over. It would be just as consistent to capitalize the subsidy granted to the province in the first instance, or to capitalize the subsidies granted to other provinces, and place them among their assets, and thus enable them to claim surpluses. That is why we in the province of Ontario who are opposed to the government there, believe that their system of keeping accounts is incorrect and misleading, and we ask no better proof than the fact that that government have found it necessary to appoint a commission to find out whether they have a surplus or not.

Mr. R. L. BORDEN. I do not at all understand this item of \$3,305,450. I do not expect my hon. friend to make any further statement about it to-day; but if he is going to have a statement prepared, I think it should be as full as possible, because this seems to represent a liability from some province or provinces to this government. I

would like to know what it really represents or what it means, and whether we are getting any interest on it?

Hon. Mr. FIELDING. We are getting interest on these adjusted accounts, according as the items are charged on one side or the other.

Mr. OSLER. Looking at the statement of the public debt in the estimates, there appears to be a decrease of \$34,500,000. I do not see any reason for that in the public accounts.

Hon. Mr. FIELDING. This, of course, my hon. friend will see is our estimate for the year beginning next July, and in the meantime we are contemplating paying off a portion of the debt. This is our estimate of how the readjusted debt will stand on the 1st of July.

Mr. OSLER. Do I understand the minister to say that he expects to make a cash payment of \$34,500,000 out of the subsidies of the country between now and the 1st of July? I understand that some \$25,000,000 will fall due within that time, but surely that will be renewed.

Hon. Mr. FIELDING. Some portion of it will be renewed and some portion will, in all probability, be transferred into a temporary loan, because in the present state of the money market it may not be deemed expedient to issue permanent debentures.

Mr. OSLER. It is rather a startling statement to go out, that the estimates show such a decrease.

Hon. Mr. FIELDING. The whole statement taken together is all right.

Mr. MORIN. I would like to ask the Minister of Finance, of the \$3,305,450 mentioned on page 11 of the Public Accounts as paid to the provinces of Ontario and Quebec, how much has been paid to the province of Quebec?

Hon. Mr. FIELDING. I am not quite sure that my hon. friend has quite correctly comprehended the meaning of that item; but I have stated that I intend to bring down a statement at an early day giving the details. This sum is not to the credit of the province of Quebec, but is payable to the Dominion.

Mr. R. L. BORDEN. If the item of \$700,000 on page 6 represents interest on a portion of the public debt which is converted from a funded debt into an ordinary debt, should you not have something in the capital column to represent that?

Hon. Mr. FIELDING. There will be.

Mr. R. L. BORDEN. It seems to me that the observation of my hon. friend from Toronto (Mr. Osler) is justified, that this hardly shows the actual condition of affairs. You are apparently reducing the liabilities