

The reason that at the present time money is lent to the municipalities by the provinces and not by the dominion was so adequately dealt with by the Minister of Finance that I do not propose to repeat it. They are the creatures of the legislatures. We deal only with the entity called the province, and not with the entities created by the legislatures. We are now proposing to depart from that and deal with the entities created by the legislatures themselves. In so doing we did come in conflict with—it may be an obiter dictum of the privy council; but at least we ran against that in the last cases. We overcome that if all the preliminary steps are taken that the minister has suggested, and the ultimate distribution is a matter between the provinces and the dominion. For it will be remembered that the province is being asked to give its guarantee, and frankly I fancy some of the provinces will hesitate greatly to do it. Because the amount which would be available would be insignificant having regard to the requirements of what might be called medium-sized communities in some of the provinces. They might well hesitate to give their guarantee; I fancy some will hesitate to do so. I believe I should point out to the minister that it will require legislation to enable them to do so.

Mr. DUNNING: In some cases.

Mr. BENNETT: In all cases, either legislation that is already existent or that will have to be enacted. And as this act is supposed to be of service in the immediate future it is quite clear that where the legislatures have risen for this year they cannot come within the provisions of the act.

Mr. DUNNING: But there is an alternative.

Mr. BENNETT: The alternative is to waive it, of course. The alternative is to take the promise of the government that it will do it, and then take a chance on it.

But I say as the resolution reads it is quite obvious that if the legislature of a province has met and risen for the year it cannot deal with the guarantee, which in most instances, is a statutory requirement. Although I am not quite sure, I will admit that there are about three provinces which have general statutes enabling them to give guarantees under certain very restrictive conditions. Whether this comes within any of them or not, I am not in a position to say. But I think it is well to mention to the minister that that guarantee must be provided for. How are we going to deal with Ontario, for instance? My memory is that there is no

[Mr. Bennett.]

general power of guarantee on the part of the government of Ontario for matters of this kind. Any guarantee given by the government without statutory authorization is invalid. There being therefore no authorization, this act cannot become effective in Ontario until the legislature meets, unless—and that is the reason I make the suggestion—we deal with it by some other method. The same applies equally to British Columbia. The legislature of that province has risen for the year.

Mr. DUPUIS: Quebec is the same.

Mr. BENNETT: And the same applies to Quebec as the hon. member for Chambly-Rouville has indicated. Under these circumstances I think we should carefully consider whether or not we may not be enacting legislation which looks upon the face of it to be excellent, but which has imposed upon it the condition of a guarantee by a province and a municipality, and which may become abortive, and which would be absolutely useless from the standpoint of practical application until the legislatures met.

And what is more, I think I should say to the minister that in some of the provinces I know the municipalities have no power of guaranteeing unless they get the exact, specific legislation.

Mr. DUNNING: No power to borrow.

Mr. BENNETT: No power to guarantee.

Mr. DUNNING: They do not guarantee anything; the municipality does not guarantee.

Mr. BENNETT: I thought it was proposed that a municipality should give its guarantee for the payment of debentures, where they were issued on self-liquidating schemes by boards owned by the municipality, which, however, would guarantee the payment of debentures issued by the board.

Mr. DUNNING: That of course would come in in that sense.

Mr. BENNETT: Yes; because the minister gave an illustration, and I thought I followed him accurately.

Mr. DUNNING: But that is a rare case. In most cases they are owned directly.

Mr. BENNETT: Yes, but in one or two instances of which the Minister of Finance has knowledge, they did set up by statute an independent body for the purpose of operating their utility; and as I followed his illustration it would be possible for this legislation to be made available to them, provided the city gave its guarantee as being the