

Justice, and the Department of Justice advises that we are not bound to pay 5 per cent. We have so informed the Ontario government, and I suppose the next step will be that we shall have a reference to the court, or to some counsel amicably agreed upon, or that we should agree upon some other arrangement with reference to it.

Mr. HENDERSON. I am surprised to hear that the Minister of Justice has ventured the opinion, that we are not bound to pay 5 per cent. I cannot understand upon what authority he can possibly base any such opinion. He may say that it is more than the ordinary rate of interest, but that cannot interfere with a contract made forty years ago and which is as binding to-day as it was at the time of confederation. The Upper Canada Grammar School Fund, the Building Fund, the Common School Fund; these were left in the hands of the Dominion at confederation on the distinct understanding that the Dominion should pay the province 5 per cent interest, and there was no time fixed when they could pay the capital sum over. There is no possibility of getting a release from that obligation unless this parliament and the Ontario legislature should pass joint legislation authorizing the respective governments to make such an arrangement. I do not see how, under any other circumstances, the Minister of Finance can insist on the province of Ontario accepting 4 per cent instead of 5 per cent. As to the balance of \$1,815,848.59, that was found to be due by the province to the Dominion on the settlement of the various accounts by the arbitrators, there is nothing binding on either government as to what the rate of interest should be, and the Dominion government has the right to say to the province: You must pay us that capital sum to-morrow or we will insist on 5 per cent. It does seem strange, however, that the Dominion should only collect 4 per cent on the money due by the province, while at the same time they have to pay 5 per cent on the money they owe to the province; but one is under a solemn agreement made many years ago, and the other is under no agreement other than possibly some arrangement that may have been come to between the Minister of Finance and the provincial treasurer which I do not think has ever been crystallized into legislation. I again express the hope that the Minister of Finance will not press the payment of this money on the province of Ontario, even though the Dominion government, the wealthier of the two is obliged to pay 5 per cent. The province of Ontario wants the revenue, and as they would not be able to invest such a large sum of money at 5 per cent, there would be a shrinkage in their revenue. I repeat in all sincerity, that in all confidence that money will be better taken care of in the hands of the

Hon. Mr. FIELDING.

Dominion government as trust money, than if it were handed over to the province of Ontario, and possibly used for purposes that it was never designed for. I shall await with interest the statement the Finance Minister has promised us with reference to this sum of over \$3,000,000, which we are told has been deducted from our national debt, because I confess that as far as I can understand, it is a mystery where it has come from, and whether it really existed as money at all or not. I think when we get the facts, we will find that it was simply a book-keeping balance that came down from our ancestors of fifty years ago, and that it practically had no material existence as money.

Hon. Mr. HAGGART. Under the Act of 1884 which gave an allowance to those provinces which were not indebted to the Dominion, the province of Ontario was entitled to an annual subsidy of \$140,000 a year. The government of Ontario claims that interest capitalized as an asset of the province, and that they are able to get the money at any time. They make that claim upon a statement made by the Finance Minister. I denied that statement and I contend that it is an increased subsidy given to the province, and should be treated in the same manner as any other subsidy. I have contended that it is not an assessment that should appear in the assets of the province.

Hon. Mr. FIELDING. I am afraid I cannot undertake to enter into any discussion as to how the accounts of the Ontario government are kept. I presume they will have to be responsible to the legislature for that.

Hon. Mr. HAGGART. They rely on your authority for that statement.

Hon. Mr. FIELDING. If my hon. friend will call attention to any statement in which I so alleged it, I think he will find that the reasons are given in the document which sustains the contention. There is an Act of the Dominion parliament passed in the 70's I think, which provides that sums of money at the credit of the various provincial governments may be withdrawn on certain conditions for the construction of public works. I know that capital sums which have stood to the credit of some of the provinces were withdrawn under that Act. My hon. friend from Halton is a layman the same as I am, and I am afraid that we will have to submit to the judgment of the lawyers as to whether there is a contract or not.

I am inclined to think that if one province could withdraw a portion of the money to the credit of its capital account under that Act and use it for public works, another province could in the same manner withdraw the sum of money which is to its credit; but, as I said before, that has never presented itself to my mind as a practical question, and I do not think any good pur-