

the claim was referred to an arbitrator, Mr. Justice Maclean, of the exchequer court, Judge Maclean found that there was a just claim for about \$266,000. Nothing was done in the matter until, I think, the late government came to office, when there was considerable negotiation and a further adjustment was made by which the liquidators, the estate having then passed into liquidation, agreed to accept sixty-five per cent of the Maclean finding in full settlement. The correspondence on the file is definite that a commitment was made to that extent. This claim, being outstanding, has prevented the liquidation of the estate, and a great deal of pressure has been exerted to have the matter settled. This government considers that this is a debt of which, in fairness to the creditors of the estate, settlement should be made at this time.

Mr. BENNETT: The debt is assigned to one creditor, is it not?

Mr. HOWE: I am not aware as to that. The claim is made by the liquidators of the Lyall estate.

Mr. BENNETT: I think if the minister will look at the file he will see that that is so. My point in speaking to the matter was that it had been before the late government for a period of five years. It is not necessary to refer to the justice of the claim, because I think that is admitted by everybody, and it is probable that the non-payment of it at the time the obligation was incurred through the change of classifications resulted in the firm going into liquidation. But why should not all be treated in the same way? That is what bothered the late government.

Mr. DUNNING: And the previous government.

Mr. BENNETT: Yes, I think the Minister of Finance is right in saying, the previous one. But it must be wrong to say that we will pay one and not the others. There were many contractors on that job, and I could never bring myself, while I had the responsibility, to put in the estimates a sum to pay one unless I paid them all. I cannot see how you can justify it. That is my difficulty. Those who had claims quite as meritorious pressed me for payment, and I am bound to say I had no answer to give them; I know of no answer to give them. Here are three contractors side by side. One has contract A, another contract B, a third contract C. A, B and C entered upon their work in the same year and about the same time of year. They had different classifications, of course, depending upon the kinds of the materials with which

[Mr. Howe.]

they had to deal and the amount that would be payable to them, but it was on the same public work, namely the construction of the Welland canal. The then minister arbitrarily increased the rate of pay, and he did modify to some extent, the minister now says, the classifications of casual labour. That increased the cost of the undertaking to the persons who had tendered on the basis of existing fair rates of pay as indicated by the labour department. The government which is now here, in its previous term of office, properly referred the matter to an arbitrator for the purpose of seeing whether or not there were indications that the cost of the undertaking had been increased by reason of the changed wage conditions under which the work was carried on. The arbitrator found less than was contended for by the contractors but more than the government felt reasonably should be paid, because they were of the opinion—and I am bound to say I think properly so—that in all contracts one of the risks to be undertaken is that of fluctuations in rates of pay. But when the fluctuation is not the ordinary movement of supply and demand in the labour market, if I may use that term, but rather a condition brought about by the action of the Minister of Labour, the situation is different. The liquidator said he was willing to accept sixty-five per cent of the amount awarded by the arbitrator, and I think during the time this government was in power previously I said I thought the case was unanswerable. I still think so.

I have been dealing with A, but B and C were other contractors who were subject to exactly the same conditions and who suffered similar financial losses, though not to the same extent, varying of course with the amount of their contracts. That is my difficulty, and the point I desire to make; should they not be paid? I do not even remember their names, but I do recall that there were three large contractors. I may be wrong as to the number, because it is a long time since I looked at the file, but I do suggest to the minister that in fairness to everyone, if you are going to pay one contractor you should pay them all. That is my position, and I urge it very strongly. Here the government have selected just one contractor and have said, "We are going to pay the liquidator," and that contractor has always said that if he had not been forced to do what he did, he would not have had to assign at all. The losses that were encountered in connection with this very undertaking were responsible for those financial difficulties. Leaving that out of the question, however, there are others