

(c) out of any revenue received or collected by the government of Canada or any department or officer thereof for or on behalf of the province, make payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities.

I need hardly point out that we have done that quite frequently. We paid the obligations of the Montreal harbour board direct to the holders of the coupons under an arrangement with the commissioners. We have paid and are continuing to pay sums in respect of the guarantees given by the provinces of Alberta, Saskatchewan, British Columbia and Manitoba to the railways. We are to-day meeting the guarantees given by the province of Nova Scotia to the Halifax and Southwestern Railway, which if paid by the province would result in its practical bankruptcy. We have paid all these sums. Therefore, so far as this matter is concerned, it requires no legislation on the part of the imperial parliament to authorize us to do so.

Let us proceed. The next and only question is whether or not this paragraph is competent for us to withhold from a province the payment of moneys which under various statutes it is entitled to receive, in the event of its making default in the payment of its guarantee or its obligation under an agreement made between the dominion and the province. In my judgment there is no doubt as to that power. I desire only to point out, first, that when the dominion has undertaken to guarantee the securities of a province, in pursuance of competent legislation, the province then enacts such legislation as it may think necessary for the purpose of enabling an agreement to be arrived at between the dominion and the province.

Last evening I read certain extracts to this house—I regret having had to take up so much time in doing so—to show that the province was an entity clothed with all the powers that the imperial parliament in the plenitude of its powers could confer upon it. It is the right of a province to borrow; it is one of the incidents of its being thus created. True, the power to borrow is set out in terms in the statute; but it is one of the implied powers that arises by reason of the creation of the entity called a province. Therefore, inasmuch as the power to borrow is incidental to these powers—it was pointed out in the harbour commissioners case—

Mr. DUNNING: It is expressed as a power in the British North America Act.

[Mr. Bennett.]

Mr. BENNETT: Surely, but I say it is part of the incidental power that arises in the creation of the entity; it is part of the powers that could be exercised by such an entity as a province. The province can do anything within the provisions of section 92, that is, within its legal competence. Every power thus granted may be exercised in any manner—that is within the discretion of the legislatures of the provinces. This discretion is exercised in various ways. At times provinces exercise their discretion in certain, and what are thought to be undesirable, ways. For instance, the legislature of one province may repudiate a contract which the legislature of another province would not think it desirable so to deal with. The legislature of one province may declare for publicly owned utilities, which another province may think undesirable, and so on in connection with all these matters.

So far as the borrowing of money is concerned, it is one of the powers given to the province under section 92, and one of the powers given to the dominion under section 91. Whether it be the dominion or the province, in the exercise of these powers they may make such arrangements as they think desirable in the interests of their respective communities. That is, the dominion may make any agreement it thinks desirable, and the province may make any agreement it thinks desirable, the governments of the day being chargeable with responsibility as to what they consider to be the best interests of their respective communities.

If one will observe the language of paragraph 4 of this resolution and then read the words of the judicial committee to which I referred yesterday, he will realize that all the power that is sought under section 4 now exists except with respect to possibly one matter, to which I now purpose to address myself. Has the province through its legislature the power to agree that sums of money payable to it by the dominion may be withheld for the purpose of satisfying debts due by the province to the dominion under an arrangement that may be arrived at? My answer is in the affirmative. At first I had some doubt about it, but if you look at section 118 of the British North America Act you will find these words:

The following sums shall be paid yearly by Canada to the several provinces for the support of their governments and legislatures:

| | |
|-----------------------|----------|
| Ontario.. . . . | \$80,000 |
| Quebec.. . . . | 70,000 |
| Nova Scotia.. . . . | 60,000 |
| New Brunswick.. . . . | 50,000 |