

able by the budget of the province, having regard to the two factors that I have mentioned as principal factors, that is: are they taxing as much as reasonably can be done, and are they as economical as can be reasonably expected under the circumstances? The reports of the bank on all the provinces go into all those matters very fully, and the leader of the social credit party was very frank in his praise of the dispassionate manner in which that was done in all the reports.

Having reached Alberta, what do we find? We find that because the province is not paying \$3,400,000 to its bondholders it therefore has that much more cash which, if it wishes, it can apply with respect to relief, and thus not borrow from the dominion to meet that expenditure.

Mr. BENNETT: As it did.

Mr. DUNNING: As it did to a degree; I think \$600,000 was borrowed last year. Of course it can do anything else it likes. But the fact is that the bank find they have in sight from their own budgetary position this year, including that saving of \$3,400,000, sufficient to take care of all their expenditures, including relief, except funds desired actually to pay off \$1,200,000 of Alberta's present debt.

Mr. BENNETT: If their hopes are realized.

Mr. DUNNING: Yes. Well, can it be argued for a moment that when a province has sufficient cash, no matter by what means secured, to meet all its budgetary requirements except the retirement of \$1,200,000 of its debt, we would be justified in taking the money of the people of Canada and granting it to that province? That is the whole point. To enable the province to retire its debt, we would thereby be increasing Canada's debt.

Mr. BENNETT: But it is not cash which it has, it is only expectations. That is the only point between us.

Mr. DUNNING: I therefore must rely upon the examination made by the bank. The bank's opinion is that the budgetary estimates of the treasurer of Alberta are reasonable, and that the results may reasonably be expected to be what is forecast.

Mr. BENNETT: Although last year they were sadly disappointed.

Mr. DUNNING: Yes. But they have the advantage of last year's experience in arriving at what the yield of the new tax instituted last year will be this year.

Mr. BENNETT: But they had a sales tax last year.

[Mr. Dunning.]

Mr. DUNNING: Yes, for the first time. And I am saying that the experience of last year certainly will make their estimate for the coming year much more reliable.

Mr. BENNETT: It produced less than half of what they had expected.

Mr. DUNNING: And the estimate for the coming year is based upon last year's experience. The Bank of Canada's opinion is that the budgetary expectations of Alberta may well be realized. If that is so—

Mr. BENNETT: "If" is the trouble.

Mr. DUNNING: If they are even a million dollars out would we be justified?—because remember that \$1,200,000 is to be used to reduce the capital debt of the province.

Mr. BLACKMORE: If the minister would permit me, I should say that that \$1,200,000 is to go to cover some of the Alberta savings certificates, and really I do not think we should look upon that in exactly the same light as we would upon a regular debt. It seriously affects the credit of the province.

Mr. DUNNING: Not from the standpoint of affecting the credit of the province. But I can assure the hon. member that I would like to show him scores of letters—yes, it will run into hundreds—from people who are unfortunate enough to hold Alberta bonds in small amounts, and who write to me protesting bitterly that because they do not live in Alberta and hold an Alberta savings certificate, but instead hold a \$1,000 bond of Alberta, they cannot get any money, or, I should say, can get only half their interest. It is only in connection with the savings certificates that an effort is being made to pay off in full. That is the complaint which is made. I am not making it, but I point out to the hon. member that in the eyes of those to whom the money is owing under contract their interest is being taken and is to be used, according to the plan for the coming year, to the extent of \$1,200,000 for the purpose of redeeming in full the Alberta savings certificates, which are just as much a part of the debt of Alberta as is the bond of indebtedness, the only difference being that they are owed to the residents of Alberta, whereas the poor people who hold bonds in small amounts have their interest cut in half—one of the unfortunate incidents connected with any blanket scheme of arbitrary interest reduction.

However, the point is that if Alberta needed cash this year, subject to imposing taxation, which the bank reports they have done to a reasonable extent, and subject to the economic administration of which there is a slight criticism with respect to the contemplated expendi-