

*Employment Commission*

sometimes once a week, sometimes only once a month, and the progress has been remarkable. If the act that was placed on our statute books last year is being carried into effect, as the minister says, with some degree of success, more than at one time appeared probable, we shall all be delighted. There may be something that can be done to improve the legislation; if so, we should not hesitate to do it.

I agree with what the Prime Minister said this afternoon; I think there is very little realization of the extent to which we have mortgaged our resources, the extent to which we have created obligations, and the importance of considering our ability to meet them successfully and to maintain the integrity of this country. There are two methods by which communities, like men, fall into financial difficulties. One is when they are unwilling to pay; the other is when they are unable to pay. I know of no case in Canada where default has occurred because of unwillingness to pay. In western Canada school districts have defaulted in large numbers during the last five years. The hon. member for Vancouver-Burrard pointed out that some of the communities near his own city of Vancouver have defaulted, not because they wished to do so, but because they were unable to pay. Round about the city of Winnipeg the same situation prevails, and in the last forty years in western Canada there have been quite a large number of defaults on the part of organized districts. Whether they be municipalities or school districts or other forms of municipal organization, it matters not, they have defaulted because of their inability to pay. It has always seemed to me that it would have been quite proper, when that situation arose in a municipality, for the municipality to secure legislation to enable it to open up negotiations with its creditors for the purpose of endeavouring to see what could be done to pay to the utmost of its ability, on the one hand, and not to create a difficult situation for the lender, on the other. But when this is done by compulsion, an entirely different situation must be considered, and the factors need not be dealt with at length this evening.

The second class of default, namely default because of inability to pay, is the class of default that we have to consider now in this country as one that is fairly firmly established. There is no question but that as debts have mounted in the various organizations to which I have referred, districts and municipalities, they have reached the point at which they are unable to secure by taxation the money with which to make the payments they have

[Mr. Bennett.]

promised to make. That being so, the loan council that I had in mind had not the form it has taken under the Minister of Finance. That is not a matter of great importance, but I did think it of importance that there should have been some central body which, when a municipality or district was unable to pay because of its financial position, would have been empowered by advertisement and other means to get into communication with those who had loaned money to the particular district or municipality and then determine the extent to which over a period of years, until there was a return of prosperity that would enable it to meet its obligations in full, it might be able to make payments on account of what it owed to its debtors.

With respect to the provinces we have an entirely different situation. They are not sovereign powers in the sense in which that word is technically used, but they are almost sovereign powers under a federal system of government, inasmuch as their legislative powers are exclusive dealing with property and civil rights, as was said this afternoon, and almost every matter that touches the everyday life of the country, including the right to sue and to be sued. As a matter of fact it must be within the memory of members of this house that the legislature of our oldest province denied men the right to sue in the courts of the country, not within the last year or two but in days long since passed. It will be recalled also that a statute of Nova Scotia was disallowed by the government of which my right hon. friend was the leader, which disallowance, in the opinion of at least some directly interested, was a complete negation of their rights as determined by the courts. That had to do with the gypsum property down in Cape Breton.

These are illustrations of the situation referred to this afternoon by the hon. member for Vancouver-Burrard. The provinces are in a very, very strong position with respect to what you might call the credit of Canada. After the last five years I sometimes wonder whether hon. gentlemen opposite, now that they have to sit in judgment upon these matters themselves, realize just the extent to which the anxiety of the government of those days was directed to consideration of these problems. Shall we permit default or not? Can the national credit be maintained if we do? Will our position be affected? Will our integrity as a dominion be affected in the money markets of the world, bearing in mind the fact that we have only three sources from which to obtain money? One of those sources was the United States, to which we owe vast sums of money. As I pointed out the other night, we must find \$2,000,000 for principal