

Mr. DUNNING: The agreement, of course, must be antecedent. The same applies with respect to seed grain. A year ago Alberta did not ask for guarantees with respect to seed grain; it did the business in a different way and secured advances in a different way, under its own special legislation. In Saskatchewan the matter was dealt with by the legislation of a year ago and by guarantee. This year Alberta and Manitoba both decided that the guarantee method was more efficient and probably would tend to bring about better collections of the amounts advanced. Alberta comes along and gets \$1,600,000 of a guarantee in connection with seed grain. Saskatchewan gets a vastly larger sum. I ask my hon. friends in the corner, was that discrimination? Saskatchewan gets a guarantee of \$6,600,000 for seed grain; Alberta gets \$1,600,000. If what my hon. friends refer to is discrimination, then surely this is discrimination also.

Mr. PELLETIER: That is a different thing.

Mr. DUNNING: My hon. friend says that is a different thing. Why? Because the basis in each case was the need.

Now I come to the problem which we faced a few months ago in connection with Manitoba and Saskatchewan, following the economic effects of the last crop, or lack of crop. We had this condition. Neither Manitoba nor Saskatchewan nor Alberta could borrow more money other than from the government of Canada. Manitoba and Saskatchewan were borrowing and did borrow to the limit permitted by the legislation of last year, under the agreements to which I have been referring. Alberta has not required to do so to so large an extent, for the reasons set out in the bank's report. She did not need cash from this government for all of the provincial share of relief expenditures because she withheld cash from her bondholders in the form of one-half of the interest on all Alberta bonds, to the extent of \$3,400,000 in a full year.

Mr. JOHNSTON (Bow River): That was a direct assistance to the government, was it not, and not to the province?

Mr. DUNNING: It did not assist the dominion; the province of Alberta decided to do that of its own volition. I am not commenting on the wisdom of that action or anything of the sort, but I can say that it seriously reflects upon the credit of this dominion that one of its provinces should arbitrarily cut in half its interest obligations. As Minister of Finance of this country I have to say that, because it is the truth. If we have three or four or five provinces doing

the same thing it will make matters very difficult for this country and for the people of the country as well.

Mr. LANDERYOU: It assisted the dominion government; the money was used for relief purposes.

Mr. DUNNING: My hon. friend is not following my point at all.

Mr. BENNETT: The answer is that they can no longer complain that they did not get the money.

Mr. DUNNING: You cannot have it both ways. If you take \$3,400,000 from the bondholders and distribute it in relief you surely cannot justify asking for the same \$3,400,000 from the people of Canada for relief. That is taking an extreme view of the case.

We found this condition, as I say. Three provinces could not borrow save from the dominion government. Under what conditions should the dominion government advance money to any province, for the purpose of carrying on the ordinary essential services of that province—not relief, remember, because the legislation with regard to relief provided two things: a cash grant from the dominion and ability on the part of the dominion to lend to the province the whole of the remainder which was the province's share. It was a question as to how far the people of Canada should go and under what conditions the money of the people of the whole of Canada should be granted to the people of a province in order to maintain the ordinary essential services of that province and enable it to meet its obligations.

It was for that reason that the Bank of Canada was asked to examine the situation, by Manitoba and the dominion in the case of that province, by Saskatchewan and the dominion in the case of Saskatchewan. What was the basis of it? The basis was this: First, is the government or the legislature of the province taxing its people to the limit that might reasonably be expected under prevailing conditions; second, is the legislature and the government of the province as economical in its expenditure on services as can be reasonably expected under prevailing conditions; third, what is the cash position? In other words, the first two conditions having been determined as accurate and sound, what then will the set-up be to enable the people of that province to receive a reasonable minimum of essential services from its provincial government? That really was the simple question. It was a question of how much cash was there, not where it came from. What amount of cash would be made avail-