production. What was the result? The result was that British Columbia was getting a plan which amounts to about $21 a head and other provinces were getting less.

At present I am not criticizing that decision; I am just pointing it out. What happened to the three provinces which had already signed? Naturally those provinces felt themselves double-crossed. This is what is pointed out by a prominent newspaper, the Winnipeg *Free Press,* and pointed out even more clearly by one of the premiers who had signed the agreement. I shall refer to both those statements.

I quote first from the Winnipeg *Free Press* of December 23, 1946, which in my view sets out the picture clearly:

> The importance of the British Columbia agreement as explained by Premier Hart last Monday is that it breaks new ground, goes beyond the terms of the budget . . . What this means is best illustrated by practical application. Suppose the national income rises by 10 per cent. Under the budget offer, British Columbia's subsidy being 150 per cent of past payments, would remain fixed at $18·1 millions, or $20 per capita. But the other provinces which accepted the $15 per capita proposal would receive an additional tenth or $1.50 per capita. In that case they would be paid $16.50 per capita and the spread between British Columbia and themselves would be narrowed from $5 to $3.50.
>
> But under Mr. Hart's agreement, the precise opposite will result. The provinces receiving the $15 per capita would still be paid $16.50. British Columbia's $20, however, instead of being fixed as under the budget proposal, would rise also. One-tenth of $20 is $2. The spread, therefore, would be wider—$16.50 to $22.

That is a spread of $5.50 between the payments this government makes to British Columbia and those it makes to other governments in Canada. The editorial goes on to say:

> An arrangement on these terms is clearly unjust to the other provinces which entered into provisional agreements. The balance between the alternatives offered in the budget has been destroyed. The dominion can no longer argue that identical terms are available which each is free to accept or reject at pleasure. It is difficult to see how this decision, since it changes the basis of the negotiations, can fail to strengthen those provinces like Nova Scotia, that are asking for another conference. By the same token, it would appear that unless some method can be devised whereby the clearly unfair provisions of the British Columbia agreement can be offset, the position of Ottawa has been weakened. The three provinces which dealt with the dominion in good faith on the terms laid down in the budget have been placed by Ottawa in an unenviable position.

Three provinces had signed on the basis of the budget plan. Another province already getting very favourable treatment has its agreements made still more favourable. Is it any wonder the three other provinces objected? Is it any wonder the Premier of New Brunswick made the sort of protest he did make? To save time I shall quote only part of the telegram he sent the Prime Minister on December 17 last year. This was not brought to the attention of the public until about the end of the first week of January, at a time when the Premier of New Brunswick himself made a statement in connection therewith. Part of the telegram of December 17 sent by the premier of that province to the Prime Minister is as follows:

> We are now compelled to reconsider our position in the light of the dominion's new offer to British Columbia the substance of which was disclosed to me by Mr. Abbott your present Minister of Finance in Ottawa on Thursday last and details of which appear in today's newspapers.

The Minister of Finance could disclose the details of it to Premier McNair last December. But in this return tabled we get only five lines which tell what John Hart, the premier of British Columbia, knew about it. It continues:

> Apart from the special inducements held out to that province including assistance in the reduction of her public debt involving the cancellation by the dominion of substantial sums owed her on advances made for direct relief and the refunding on a long term basis of other substantial sums similarly owed with complete cancellation of interest charges thereon the new terms offered British Columbia constitute a radical departure from all former proposals and contemplate still more preferential treatment for that province. They involve a per capita allowance in her case approximating twenty one dollars against an allowance to New Brunswick of fifteen dollars both subject to be increased alike in accordance with increases in gross national production. This is an entirely different proposition from that enunciated by yourself at the conference and repeated by Mr. Ilsley in his budget speech. Throughout our negotiations it was clearly understood that no such changes would be made with comparable adjustments for other provisions. We have no issue with British Columbia who is entitled to seek the best terms obtainable. We find it impossible however to understand the action of the dominion government in negotiating a deal entirely outside the ambit of the budget proposals without counterbalancing adjustments for other provinces. The present situation is entirely unacceptable to this government. We will therefore treat our negotiations as suspended. When the dominion government sees fit to redefine and publicly restate to the provinces its financial proposals, with assurances to safeguard them against such variable and discriminatory results, we shall consider reopening discussions.

So discussions were reopened. The three provinces came in again. Manitoba, Saskatchewan and New Brunswick expressed approval of the new proposals. Why would they not? They were sharing in $27 million extra which