

reduction in the public debt and in taxation, and, I might say further, if there was to be any revival in business through the improvement of the credit of the country. The new administration surveyed the field very carefully, and decided that in one particular economies not only might be made, but should be made, namely, with respect to many of these matters in which the federal government was voting sums of money in aid to the provinces in addition to the subsidies guaranteed to them by statute in accordance with the provisions of the constitution.

Now, let me make this point perfectly clear, because my own position and that of the party has been very much misrepresented. It has been said that I have been opposed to subsidies being voted by the federal parliament—subsidies to the provinces and subsidies generally. Far from being opposed to subsidies being voted by this parliament to the provinces, I believe it is the method laid down by the fathers of confederation as the one whereby the financial arrangements in the nature of adjustments as between the provinces and the dominion should be carried out. At the time of confederation the fields of administration and of revenue were divided as between the dominion and the provinces; each was given its own particular services to perform, each the sources from which they were to derive the revenues to carry out their respective duties. As I mentioned the other day in speaking on the same subject, for purposes of adjustment, in order to effect equality as between the different provinces, it was decided that a certain sum on a per capita basis should be paid by way of subsidy each year from the federal treasury to the provinces, and the provinces were to be free to use their respective subsidies with regard to any matters that came within their jurisdiction in any way they liked.

I submit when the fathers of confederation adopted that particular method of financing as between the dominion and the provinces they meant it to be followed and to be the exclusive method. They did not contemplate that in addition to subsidies agreed upon as a result of conference and settlement of differences there should be made from time to time further special grants from the federal treasury to the provinces for provincial purposes. The hon. member for Winnipeg North Centre (Mr. Woodsworth) the other day, I think, said that under the line I had taken in speaking on some other question I would be opposed to subsidies being voted, for example, to the railways. This parliament has voted subsidies to the railways and for steamship services and

[Mr. Mackenzie King.]

the like. I am not opposed to that. Transportation in general and in connection with trade and commerce comes within the jurisdiction of the federal government, and if parliament wishes to aid transportation by subsidies it has a perfect right so to do, and no exception can be taken to such action. What I take exception to is voting grants in aid to provinces for particular services assigned to the provinces in addition to the subsidies which are determined by statute. The subsidies are arrived at as the result of an agreement between the provinces and the dominion; and when that agreement has been reached it is implemented by a statute of this parliament, with the result that moneys paid are known in their entirety and definite in amount.

What is the effect of that? One effect is this, that it precludes political parties from seeking to gain political advantage through an appeal to the electorate of the provinces for their support, on the understanding that if returned to office grants in aid in addition to the regular subsidies will be given from the federal treasury to the provinces. I need not remind the house of the extent to which that practice was followed in the last campaign—the practice of promising the provinces that if they would support hon. gentlemen opposite they would receive grants in aid for all kinds of purposes from the federal treasury. I refrained from making a single promise of the kind, and I maintained that position in order to be consistent with the attitude I had taken all the time I was in power. I did so, because I believed it to be the only right attitude to take in regard to the finances of the country. Where aid is confined to subsidies fixed by statute the only appeal that can be made politically on such a score would be that if returned to power the particular party making the appeal would increase all the subsidies of the provinces. Would anyone think of making an appeal of that kind to the electorate of any province? There is not an hon. member who would dare do it. But what is the difference between making an appeal to the electorate of provinces for their support through promising that if returned the party will increase the subsidies of all the provinces, and promising grants in aid in addition to the subsidies provinces are already receiving? I think that is perfectly clear. I feel very strongly that to make appeals to the electorate on the basis of grants in aid in addition to subsidies, is a very dangerous political method for any country to begin to follow. Where is it going to end? It was started on an unexampled scale during the last campaign; it will be repeated