

provinces. I have no doubt further submissions will be made on behalf of the mayors of the dominion. No one can doubt the importance of this aspect of our system of public finance. But until that question receives the wider consideration it deserves, I think we should bear in mind that the dominion government is two degrees removed from the municipalities. It has never been indifferent to the plight of the municipalities, but the primary responsibility for dealing with the position in which the municipalities find themselves rests with the provincial governments. I believe that has always been well understood.

At the same time I should like to make it clear that although that is the correct constitutional position—I do not hesitate to use that phrase in describing it, for it is a position which has been accepted alike by the preceding and the present administrations—when this government came into office it was so much impressed with the plight of the municipalities that one of the first things it did was to increase the grants in aid to the provinces by seventy-five per cent. At the same time it was made clear in the order in council that the additional amount should be passed over for the relief of the municipalities. I think I am entitled to point that out to hon. friends opposite.

Mr. STEWART: Was that not a seasonal increase? The grants go down in the summer and are increased as the winter months come on. Was that increase not made in October with the winter coming on?

Mr. ROGERS: The grants were increased for December, January, February and March by seventy-five per cent.

Mr. ROWE (Dufferin-Simcoe): Over the previous year?

Mr. ROGERS: Over the previous year.

Mr. ROWE (Dufferin-Simcoe): For the same months?

Mr. ROGERS: Over what they had been for a period of fifteen months.

Mr. STEWART: For the same months?

Mr. ROGERS: Over what they had been since August, 1934. They had been maintained at the same rate from August, 1934, to December, 1935, and we increased them by seventy-five per cent for the months I have mentioned. Thereafter, as employment improved, we made gradual reductions, first by way of a percentage and later in the form of adjustments which had regard rather to the actual unemployment conditions in the various provinces.

[Mr. Rogers.]

Mr. ROWE (Dufferin-Simcoe): Which had been done every season.

Mr. ROGERS: Which had not been done every season, if I may correct my hon. friend. Prior to August, 1934, the grants had been on a basis of 33½ per cent by the dominion, 33½ per cent by the province and 33½ per cent by the municipality. Following a dominion-provincial conference, in July, 1934, the previous administration decided to pay the grants upon the basis of a fixed grant in aid payable monthly to the various provinces. That system was maintained up to the time to which I have referred. In December, 1935, two months after this administration came into office, we increased those grants by seventy-five per cent.

Mr. EDWARDS: Was that seventy-five per cent increase for the whole year or just for certain months?

Mr. ROGERS: I have tried to make myself clear. It was an increase of seventy-five per cent in the amounts which had been paid monthly in the preceding year. As I say, there was no revision from August, 1934, to December, 1935.

Mr. DUNNING: No increase or no change.

Mr. ROGERS: No change whatever.

Mr. DUNNING: They ran the same from August, 1934, to December, 1935.

Mr. ROGERS: I mention that because I think it should be recognized by hon. members opposite that this government has had in mind the position of the municipalities. When we reduced the grants in aid, the reduction was upon the basis of the improvement in the general employment situation, and also the improved financial position of most of the provinces of the dominion.

I doubt very much if we are going to make progress toward a reduction of the relief problem unless we take account of these essential factors. For example, if the dominion government were to increase the grants while the problem remained the same, it would simply afford an inducement to the provinces and the municipalities to relax their efforts to reduce the relief problem. I say that with some knowledge of what has happened in previous years. As a matter of fact, those who were members of the previous administration will understand me when I say that the chief reason for the dominion government departing from the principle of percentage payments was simply the fact that with a percentage basis there was no way in which relief lists could be kept properly under control. That was the reason why the