

its character. There was something in it for almost everyone. Notwithstanding the fact that we have had huge deficits for five years and that our deficit for the present fiscal year will probably exceed, if current estimates are right, the estimate of \$650 million given by the Minister of Finance when he delivered his last budget, we are apparently about to embark on another program of spending that will add very appreciably to the burden of our finances.

There are only two legitimate ways in which a government can meet its financial obligations and pay its bills. One is through taxation, increasing revenue by imposing more taxation upon the people. The other is by borrowing from the public or public institutions. If those two methods fail then a government is in a rather difficult position, but it always has a remedy. I am speaking, of course, of the central government, for it controls the issue of money and the money supply. The provinces are in a different position. As some provinces did in the 1930's, they must impose more taxes, or cut down spending, or go into default on their bond interest. This has not been an uncommon experience in the United States.

These were some of the reflections that came to my mind as I read the Speech from the Throne. In one paragraph we were told that further measures to stimulate the economic activities of the country would be placed before us in a proposal to build a railway in the Gaspé Peninsula. I have no doubt whatever that this railway will be of service. In the same paragraph is forecast a proposal to assist the province of Manitoba in building a floodway around the city of Winnipeg.

Twelve years ago this coming spring, the city of Winnipeg had a disastrous flood. Periodic floods have occurred in Winnipeg's history at intervals of around 25 to 50 years. The estimated cost of this floodway is, I believe, \$80 million. It will be some 30-odd miles in length. Its purpose is to tap the waters of the Red River about 12 miles south of Winnipeg and bring them around in an arc to about 20 miles north of Winnipeg. The federal Government's contribution to that floodway is 60 per cent. As a Manitoban perhaps I should not criticize this expenditure. However, the probability is that we will not have a flood for many years. Before building a floodway at this particular time it would be wise to consider that our finances are in disarray and that our budgets are so much out of balance that such an undertaking could be postponed for a few years until our finances are in a better condition.

There is also embraced in this proposal the building of a canal, or a ditch, or a floodway, from the Assiniboine River west of Portage la Prairie to Lake Manitoba. This would be about 18 miles in length. Of course, on top of that, under the Prairie Farm Rehabilitation Act a huge dam is being built at federal expense on the Assiniboine River at a point a couple of hundred miles west of Winnipeg to hold back flood waters.

I do not wish to leave the impression that these expenditures or proposals are not worthy of consideration. I think they are. What I submit to the house is that these projects, as well as others I shall mention in a moment, could very well be deferred until our finances are in a little better order than they are now.

There is another measure to increase the total amount that may be made available to the Export Credits Insurance Corporation. I have no particular criticism of that either. We shall have to wait until the legislation comes and see what the proposals are. All I wish to point out is that I fear this too will make another drain on Mr. Fleming's resources.

There is to be an amendment to broaden the scope of the Small Businesses Loans Act, and that falls into the same category.

Then we have the provision for a new kind of distribution of electric power. In the terms of the Speech from the Throne, apparently this does not involve any expenditure of money at the present time; but may I say in passing that I think it will be a pretty difficult proposition to induce the provinces to come into a federal scheme for the distribution of electrical energy back and forth across provincial boundaries. I offer the observation that it would be wise for the federal Government to keep away from it and to let the individual provinces make these arrangements among themselves. There is nothing more disturbing today, to my way of thinking, at any rate, than the apparent differences that are growing up between the federal authority and the provincial authorities. As we all know, in family affairs, when money is involved between rival claimants it often generates a deeper feeling of animosity than anything else does. I sometimes feel there is something of that today in the whole range of our federal-provincial relations.

When I first came to Parliament in 1917, one of my colleagues in Sir Robert Borden's Union Government was the Honourable Arthur Sifton, who had been the Premier of Alberta. After the election Mr. Sifton presented me with a volume of our Constitution, that is, the British North America Act, and all the