

with the responsibility of governing the city of Montreal, who, knowing that their sources of revenue have been exhausted, and knowing that there must be an adjustment in some way to reduce the appalling cost of debt service, were driven to the course they are following. Their plight is the same as that of the council of Vancouver and cities in Ontario are just as badly off. I understand that the Minister of Municipalities in Ontario has issued a letter calling upon municipalities or their representatives to appeal to their members in the House of Commons and the members of the senate to induce the government to increase rather than decrease the amount of unemployment relief.

Now, Mr. Chairman, the province of British Columbia is face to face with default. When I went to the government of British Columbia I was informed that on May 15 next we have a maturity coming due of a sum, I think, of some \$3,500,000. For that reason, we are not in a position to fulfil the promise made a year ago to the municipalities of British Columbia to make adjustments which would relieve the municipal taxpayer and we can do nothing until we know what measures of financial assistance are coming to us from Ottawa." In Vancouver there is a budget deficit of roughly \$2,000,000. How is that deficit going to be made up? Vancouver and Victoria will be forced to repudiate and to default. How, then, can they go on meeting their obligations to the unemployed unless the bond holder is sacrificed? That unhappy fate has come to municipal governments of the city of North Vancouver and the municipality of Burnaby which adjoin Vancouver. They defaulted. Receivers were put in, and what has been the result? Bond interest has not been paid. No provision has been made for the liquidation of maturities coming due, but all the revenues, plus measures of extraordinary assistance from the provincial government, have been necessary to take care of the ordinary needs of those communities and of the unemployed within these limits.

Let me say just a word upon this issue of the national responsibility to maintain a supply of revenue that will permit provincial and municipal governments to carry on. Sir Wilfrid Laurier said that Lower Canada would not have entered confederation unless there were guarantees that, without resort to direct taxation, revenues would be available to carry on provincial and municipal government. Now, if, after direct taxation has been resorted to—and nearly all our provinces have resorted to it in one form or another—the revenue available to provincial and municipal governments from what is left by national

[Mr. McGeer.]

authority is not sufficient in amount to permit provincial and municipal government to be sustained, then upon what ground, that paramount guarantee not having been maintained and fulfilled by parliament, are you going to insist that these provinces continue in confederation?

The men who drew the resolutions and laid down the constitution of this nation were careful to vest in provincial governments the power to demand the fulfilment of that guarantee. Under the sovereign jurisdiction of the provincial authority were placed and still remain the property and civil rights of the people living in the provinces. The power to deny the collection of a debt by one individual from another in the province is a power vested in the provincial authority. That power has already been exercised in one of the western provinces, under the administration of the government that was led by the present Minister of Agriculture. It was exercised through the debt adjustment act of Saskatchewan, under which act no man could collect a debt until he secured the sanction of a tribunal the authority of which came from the provincial government. How far, I ask, as a constitutional issue, does that power go? We know that it goes fully to the power to repudiate provincial and municipal debts. We know that it goes fully to the extent of permitting the provincial government to deny the right to collect an individual debt. How far does it go with reference to a moratorium on the power of a dominion tax collector to collect dominion taxes from a resident within a province? Yes, the Minister of Finance may laugh, but I want to say that when the time comes for issues of this kind—

Mr. DUNNING: On a point of order, I had no reference whatever to my hon. friend. Why does he interject, "Why does the Minister of Finance laugh"?

Mr. McGEER: I thought the hon. gentleman was laughing at me.

Mr. DUNNING: I was not laughing at my hon. friend. As my hon. friend puts on Hansard that I laughed at him, I just wish that to be clear.

Mr. McGEER: I am glad that the hon. minister was not laughing at me, because I did not think it was a subject that would bring laughter from the face of any one at this particular time. I humbly apologize to the Minister of Finance for having left that inference, but I did see the minister smile.

Mr. DUNNING: I was just reading a very amusing letter. Would my hon. friend like to read it?