

house will agree, I think, that no matter within the purview of the administration of the government of Canada during the past number of years has been more difficult than the type of problem which is now under discussion. Whether it relates to one province or another, it is embarrassing not only to the government, but also to the members of the house. We are here, sir, I take it in the relation of trustees for the people of Canada in respect of the moneys which come within our control—and I am speaking now of control by parliament. Unfortunately as a deliberative assembly we suffer from the peculiar handicap associated with a federal system of government. We all come from provinces having local self-government, provincial self-government, within the ambit of our constitution. And so at times there must be in the mind of every man here in some degree a conflict of interest, if he follows the maxim enunciated by Burke, one which has been often expressed in this house, that the member of parliament is a representative of all the people of Canada, rather than merely of the people of his particular constituency. In our case it is complicated further by the fact I have just stated, that we have our provincial entities with their responsibilities and their peculiar constitutional relationships with the federal government. I do not intend to labour the point, but problems of this kind do emphasize once more how difficult a country Canada is to govern.

I listened with great care to the leader of the social credit party (Mr. Blackmore) and I know that other members of his party will forgive me if I accept his assessment of the value of the report made by the Bank of Canada upon the affairs of Alberta, rather than the assessment made subsequently by the hon. member for Peace River (Mr. Pelletier) and the hon. member for Bow River (Mr. Johnston). I thought the leader of the social credit party was restrained in his remarks and very fair with respect to the work done by the bank in this investigation. In passing I just wish to mention, in fairness to the bank—and I suggest it particularly to the two hon. members who were criticizing the bank—that the Bank of Canada made its examination on the specific request of the premier of Alberta, who asked for what? He asked for an examination based upon the same principles as the examinations conducted in Manitoba and Saskatchewan. Presumably the premier of Alberta knew the basis of those examinations and expected to get the kind of report which was made with reference to the other provinces. I think any impartial reader of the report will say that if the

criticisms of my hon. friends from Peace River and Bow River are well founded with respect to this report, they are equally well founded with respect to the other two. I disagree entirely of course with their view in that regard. I believe all the reports are models of restraint, and deal in clear-cut fashion with the problems set before the bank for examination. In fact I believe that we have here an indication of the valuable service which a central bank can render to a country in times of difficulty such as these.

I shall go back but a moment to the past, referred to by the leader of the opposition (Mr. Bennett)—a past as far as this government is concerned. It will be remembered that a year ago we faced a problem in connection with all four of the western provinces, including British Columbia. This government reached the conclusion, after grave, lengthy and serious deliberation, that the dominion could not continue to take over the debts of the western provinces; in other words, the dominion could not continue to advance money to the western provinces to enable them to pay off their debts. Regardless of the other purposes for which we might consider it desirable to advance money to those provinces, we did not deem it sound policy to get into the position where the principal creditor of the provinces would be the federal government. We believed, and believe still, that such a relationship would negative our constitutional relationship as between province and dominion. We did not believe that the whole people of Canada were called upon to assume the debts of the provinces. So we said there would be no more advances to enable any province to meet maturing obligations.

Sir, we applied this policy absolutely and entirely without discrimination. We had applications from all the western provinces. Then, in an attempt to meet the situation, the dominion-provincial conference came to the unanimous decision to adopt a modified loan council idea, and they had our assurance that we would place the matter before parliament. While that process was going on maturities took place in British Columbia, Alberta and Saskatchewan, and I think a small one in Manitoba. It seemed to us that anything which could be done to anticipate the coming into force of the then contemplated loan council legislation, in order to prevent any of these provinces from being the first among Canadian provinces to default, would be worth while. But of course in order that it might be effective the province concerned necessarily had to consent to take