

say emphatically that there has never been any discrimination in the allocation of grants in aid to the various provinces. It is necessary to mention that to-night, because I understand a suggestion was made this afternoon that because of drought conditions in western Canada, of an emergency nature, that total grant of \$19,500,000 was heavily charged by increased grants to the western provinces. I should like to contradict that statement—if it was a statement—or to remove the impression which may have been created by what was said this afternoon.

I realize fully that in the distribution of the grant in aid to the various provinces, it is of great importance that the dominion government should avoid any suggestion of discrimination or any preference to one group of provinces over another group of provinces. Therefore, when we were obliged to deal with the emergency situation which developed in western Canada last summer, we did so upon the basis of governor-general's warrants, voted especially for this purpose, and there was no reduction of grants in aid which would otherwise have been available for the eastern provinces.

I will say—and I believe it will be fully understood by hon. members—that in the circumstances we did not feel it possible to make as drastic reductions of the grants payable to the western provinces as we felt justified in doing in the case of the eastern provinces. However, there is only one province in which the grant has been maintained steadily throughout the year, namely Saskatchewan. That grant was maintained because, when the drought area was defined within which the dominion government assumed one hundred per cent financial responsibility, its boundaries were drawn very strictly, and did not by any means include all the areas in the province which suffered severely from the climatic conditions which existed in western Canada during the past summer. I doubt if any hon. member would seriously urge that the dominion government was in error in maintaining the grant in aid to Saskatchewan without reduction throughout the year.

The grant paid to Ontario for the months of October, November and December was \$465,000.

An hon. MEMBER: Per month?

Mr. ROGERS: Yes. Under the terms of the agreements which are now before the provinces, including Ontario, that amount is continued as a maximum, subject only to the qualification that it shall be reduced if the amount should be in excess of thirty per cent

of the total expenditures for relief in the province. But according to the figures we have received from the provincial government, there is no possibility that the maximum will not be reached during the months of January, February and March, the period covered by the agreement now under discussion.

We have not as yet brought down the estimates for the forthcoming year, and therefore we have not dealt with the grants in aid to the provinces for the next fiscal year. I stated after meeting with the mayors of Ontario that, having regard to the reduction of unemployment, and the financial position of Ontario, the grant paid to that province was a fair and reasonable one. May I point out to hon. members from Toronto, or from other municipalities in Ontario, that to my knowledge the dominion government has never interfered with the provincial government in the distribution of the grant in aid to the municipalities. In other words, Ontario is able, of itself, to determine the financial needs of the municipalities within its borders. We try to meet the situation as we see it in the various provinces. It is the duty of the provincial government, therefore, to deal with the situation as it is observed in the various municipalities.

While I am on this point, I should like to observe that it is also within the power of any provincial government to widen the powers of taxation enjoyed by the municipalities. I know of nothing to prevent a provincial legislature from conferring upon a municipality any power of taxation which the province itself possesses. I fully agree with what has been said to-night regarding the plight of the small property owner. From the time I first came into active contact with the relief problem in Canada I have been impressed with the unfairness of a system of relief which presses as heavily as it does upon those who own real estate. But I would suggest to hon. members that the only solution to this problem does not lie in an increase in grants in aid payable by the dominion to the provinces. It is within the power of the provinces to increase the grants to municipalities, over and above the amount received from the dominion government. It is also within the power of the provincial governments to confer wider powers of taxation upon the municipalities within their borders.

The whole question of the respective obligations of various governmental agencies towards relief is one which is coming before the royal commission on dominion-provincial relations. Submissions have been made on behalf of the municipalities of the various