

Anyone who listened to the minister as he was explaining how money had been spent under the act must have felt that the whole business was very slipshod and haphazard indeed, and that so far as the minister and the government were concerned there was no real control at all over expenditures. What happened? We questioned the minister time and again as to how such and such expenditures came to be made—how it was, for example, that the navy league in Toronto got a contribution from the federal treasury to help it out. The minister's answer was that the Ontario government had decided to give the navy league a particular power. In another instance the explanation was that some municipality had decided upon a certain method of spending public money, the province had to help the municipality, and the dominion was committed by its system of dealing with these matters to help the province. And so it has proceeded from the start.

The ministry recognize no responsibility in the matter of expenditures beyond seeing that the money gets out of the federal into the provincial treasury. Now that is a thoroughly bad principle. It is bad in two ways. In the first place, it induces the municipalities and the provinces to engage in expenditures which they would never think of incurring except on the strength of a percentage grant from the federal treasury; and in the second place it is bad because it does not enable the federal government to follow up the expenditures of its own moneys, the moneys of the people, to see whether these expenditures have been made in the most economical manner possible.

I believe, from what we have heard in the last day or two, that many of the provinces and municipalities have pretty well reached the limit of their capacity to carry on their own business. Indeed, we have been told that part of this money which we are voting is used to meet current expenses of at least one of the provinces. The government is loaning money on the one hand to the province and on the other advancing the province the wherewithal to pay back to the federal treasury the interest on its own loans. That is the sort of thing that is being done under this legislation. So long as that practice keeps up it simply means that in Canada we are heading towards bankruptcy.

The Minister of Finance may come and plead with the house that on ordinary expenditures he has pared things to the bone; but this expenditure is as much a charge upon the treasury as any other, and it is running wild with the taxes of the people of Canada to have money spent in the fashion it is. At the very beginning we on this side of the

house urged as strongly as possible that a conference should be held between the dominion and the provinces, looking to some financial readjustment; we insisted that there ought to be an arrangement whereby the provinces would secure what they were entitled to in the way of federal subsidies, and that a stop should be put to grants in aid in addition to subsidies. Grants in aid I believe were never intended by the fathers of confederation; I do not think they contemplated that such grants in aid should be made in addition to the regular subsidies.

It is perhaps not too late yet, and this is the only opportunity that may be available to urge this upon the ministry, to effect the necessary readjustment. I do say that while further borrowing is going on on the part of the provinces and municipalities the government ought to see that some arrangement is made whereby these moneys which we are voting to the provinces for relief purposes will not be made the means of enabling the provinces to continue carrying on a number of services which they are really unable to carry on by means of their own taxation. I venture to say that one of the effects of the money paid out of the federal treasury for relief purposes has been to cause the provinces and the municipalities in different parts of Canada to carry on a number of services which they would have abandoned long ago had we not been supplementing their treasuries in the way we have done; and if the federal government goes on supplementing provincial treasuries *ad libitum* in all parts of the dominion, then I say we can never hope to get out of the morass into which we are sinking financially as a consequence of such expenditures.

If parliament will designate the uses to which this money is to be put, and will exercise its own supervision over federal expenditures, I believe this House of Commons will be prepared to do its share to as large an extent as could possibly be desired in the endeavour to solve the unemployment problem. But the practice of having one authority raise the revenue and another authority spend the money thus raised is absolutely wrong. It is not a sound principle, and so long as it continues it will spell disaster to the financial operations of this country. The only body that has the right to expend moneys is the body that raises what is required by taxation, and vice versa.

May I say to the minister and to the government that in my view, another strong objection to the measure is that it gives no evidence of any comprehensive, coordinated, constructive policy on the part of the administration in