

tax rental agreements to discharge the functions allocated to them under the British North America Act. There were some who contended that in putting forward its financial proposals to the provinces the Dominion Government sought to bring about greater centralization. Nothing could be farther from the truth. Our aim was to strengthen the provinces financially and to make it possible for all governments to discharge their responsibilities adequately and efficiently.

While, as I have said previously, we did not achieve complete success in our initial efforts, nevertheless I believe that at least we have made a major contribution to the political and economic unity of the country by underpinning the financial resources of seven of the provinces, those provinces which were most vulnerable to the strains of economic adversity. There is a good deal less danger now of finding the country in time of difficulty divided as it was during the thirties into "have" and "have not" provinces, with the inevitable disastrous effects of such cleavage upon the economic, social and political fabric. Indeed it is probably no exaggeration to say that at no time in the past have all governments in Canada, Dominion and provincial, and municipal as well, been in better financial condition on the whole and better able to meet the adverse contingencies which economic change may bring.

I come now to the fourth and final of my four tests-- our position in international affairs -- as a nation among the nations.

Here the transformation in a few years has been profound. In the sphere of world affairs, we have earned a