

ever way we turn. I cannot do better than quote briefly from Mr. F. P. Walsh, a well-known labour leader in New Zealand:

And nothing should be allowed to interrupt the productive system. We cannot afford to have stoppages of production. Machinery exists in the federation of labour and in the government for the settlement of industrial disputes. This machinery is adequate and is there to be used. The history of disputes shows that it must be used at some stage and therefore the most effective way for our movement to use it is before the stoppage occurs. Every time a stoppage occurs, not only are wages lost but goods are lost which are essential to the attainment of a higher standard of living—our primary objective.

I wish to say just a word about dominion-provincial relations. I said the other evening that in their method of presenting the new proposals to the provinces, the dominion government was using a very big stick. I favour, as my leader favours, and as I hope all hon. members favour, the adjustment of dominion-provincial relations on the basis of fiscal need. I shall confine myself in my further remarks at the present time to method.

What were the provinces entitled to expect when the meeting adjourned on May 3? Very considerable progress had been made. Much of what the dominion wanted had been conceded already, so that there was no reason for precipitate action. The principle which was advocated on behalf of the provinces had had, on a previous occasion, some years before, the approval of the Prime Minister himself. I shall quote him later.

The great principle which the provinces sought to sustain was the classic principle of responsible government—that all governments should by their own taxation measures raise as much as possible of the money they spend.

After emphasizing the importance to the provinces of retaining certain minor taxation fields, Mr. Macdonald, Premier of Nova Scotia, said that if these be lost—and these are his words as they are reported at page 39 of the official report of the proceedings of the conference—

Provincial autonomy will be gone. Provincial independence will vanish. Provincial dignity will disappear. Provincial governments will become mere annuitants of Ottawa. Provincial public life—and I do not think these words are too strong—will be debased and degraded.

It is with this background of words used by Mr. Macdonald that I now quote the words used by the Prime Minister in 1930, as reported at page 1237 of *Hansard* for that year. The Prime Minister, if I may say so, on this occasion spoke with unusual absence of qualification. Here are his words:

When on a previous occasion we were discussing this matter of grants from one treasury to another, I said I thought it was an unsound

principle; in fact, I think I used the expression that it was a vicious principle to have one body raise the taxes and another body spend the peoples' money thus raised.

These words of the Prime Minister put the matter very clearly. In all these circumstances—the progress already made, the wishes of the provincial premiers, the known attitude in the matter of the Prime Minister which I have just quoted—the provinces were entitled to expect that the conference would have been reconvened.

This would have been in accordance with the spirit which characterized the making of confederation. Confederation was brought about only by an exercise of tact, wisdom, moderation, mutual understanding, forbearance, patience, and willingness to give and take. Moreover this principle, the principle of seeking progress by discussion and agreement, has been well established already in commonwealth relations. This spirit of seeking agreement by discussion and compromise, which served us so well at confederation and which has characterized all meetings of the commonwealth, the government of Canada has cast aside in its methods of dealing with the provinces.

I am aware that the answer will be made: Well, what about it? The provinces will have to agree, and if they do, is there anything more to be said?

One or two provinces have accepted, and others will no doubt accept. Needs must when the devil drives. But that is not the final answer. The final question is not whether this high-handed action will succeed, but what bearing it has on the vitally important future relations between provinces and dominion. The question is what would be the effect of this use of the power of the purse, of this shot-gun substitute for consultation, compromise and agreement.

This, I fear, is another instance of what the Prime Minister, in the quotation from which I previously read, called, "the war habit of mind", which he defined as "the habit that believes that everything should be done by the autocratic will of the ministry, regardless altogether of the wishes of parliament." These words of the Prime Minister may rise to confront him still as centralized power goes on from one high-handed arbitrary step to another.

The statement made by the Minister of Finance on Friday last will have, as he recognized, a most serious effect on the gold-mining industry. Whether or not, as some think, it will close down low-grade mines, is not clear. We must hope it will not. But