

to be abandoned in part, because we have not the money with which to carry it on. On the other hand, we find the postage rate on letters increased from 2 to 3 cents, a part of which increase goes to make up payment of these very grants in aid paid to the provinces in addition to the regular federal subsidies. When

one stops to reason it out one soon perceives the wisdom of the course which the Liberal party pursued while in office and which it is continuing to follow to-day. Let me give a figure or two to show what the dominion in addition has been doing in the relief of unemployment among returned soldiers.

Table showing additional payments from Federal Treasury on account of unemployment relief and pensions

Statute	Object	First Payment	Last Payment	Provision	Expended up to March 31, 1931
				\$	\$
Special Annual Vote.....	To provide for the relief of unemployment (Pensions and National Health).	1920	.....	.....	7,452,763
Pensions Act, 1916.....	.....	1917	.....	.....	452,225,122
Total.....	.....	.....	.....	.....	459,677,885
To this should be added Loans on Housing.	To encourage the erection of dwelling houses.	1920	1924	25,000,000	23,500,000 10,600,000 still owing

An act was passed to provide for the relief of unemployment, which act is being administered by the hon. Minister of Pensions and National Health (Mr. MacLaren), and under special annual votes there has been paid under its provisions the sum of \$7,452,763. If this dominion had not desired voluntarily to admit that obligation and had wished to review the matter, the federal government might have made out a pretty good case in favour of the provinces looking after all unemployed. However, the government did not attempt to do so, and very rightly and wisely so, but they said: We will make the returned men our special responsibilities and the sum I have mentioned has been paid out in that connection.

The Pension Act was passed, I believe, in 1916, and the federal government has paid out in pensions the sum of \$452,225,122. Every pensioner is a resident of some province as well as being a resident of the dominion and that money flows into the provinces from the federal treasury. I ask the Minister of Railways and Canals (Mr. Manion) why this government at the present time should be considering grants in aid for the provinces for any purpose when they have bills of this kind which they are unable to meet out of the very heavy taxes which are being raised at the present time?

Mr. MANION: That action was taken because some of my right hon. friend's supporters brought it up this afternoon.

Mr. MACKENZIE KING: I am speaking of the pledges which hon. members opposite made and which they are beginning to endeavour to redeem. Another experiment was

made in the way of loaning money to the provinces for housing in order to encourage the erection of dwellings. An act was passed in 1920 for that purpose and under that act the sum of \$23,500,000 has been loaned to the provinces. Of that amount \$10,600,000 is still owing to the federal treasury. Before we grant further aid to the provinces in addition to subsidies we had better secure back the money which we have loaned for provincial purposes. Surely that is a sound principle in financing, and any opposite course cannot but be unsound.

When the Liberal administration came into office we found that we were faced with a heavy debt, that we were unable to balance the budget, that taxes would have to be increased, that economies would have to be practised and we therefore adopted the policy that we would not continue grants in aid to the provinces in addition to subsidies. We decided to continue grants in aid in matters which came under the federal jurisdiction, but not grants in aid to the provinces in addition to the regular subsidies to which they were entitled. We saw quite clearly that once a grant in aid was voted for any length of time to a province it would be very hard to discontinue it. What is done over a period of years becomes in the eyes of the province in the course of time a right for all time thereafter. That being the case we served notice on the provinces a considerable time in advance saying that when the period fixed by the statute expired the grant would not be renewed.

With respect to technical education the total amount of the money provided by the act had not been used at the end of the ten-