PRIME MINISTER'S OFFICE

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SUBJECT

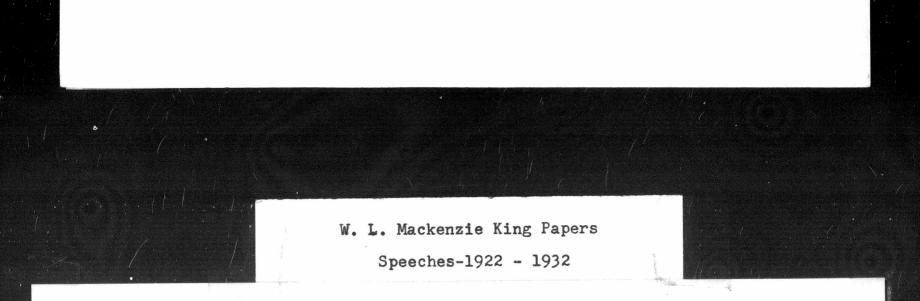
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THAT "FIVE CENT PIECE" STATEMENT

Tory propagandists are busily engaged manufacturing ection material out of a statement of Premier King in the House of Commons recently to the effect that he would not give a five cent piece to any Conservative provincial administration for spending purposes. The Prime Minister made the statement, made it deliberately, and he was right. For making it he has been congratulated by leading Liberals all over Canada and for days was deluged with telegrams commending him for his frank and courageous pronouncement. Placed in their context-the Tories are quoting the bald statement out of its context to give a false impression-the three penetrating words bothering our High Protectionist friends so much possess a real significance. The more the matter is discussed the more will the people be convinced that the time had arrived when it was the bounden duty of Premier King to tell local Conservative Governments where they were at with regard to the Dominion exchequer. One interesting admission by the Tory press since the discussion commenced is that in their estimation the Co-operative Government at Regina is a Conservative administration. After arguing the opposite for months they now, to make Prime Minister King's remarks applicable to this province, tell us Saskatchewan is governed by a group of Tories-not Co-operators. The truth has at last come out and again the people are being told that they have been treated to one more dose of "gold-bricking" pottage.

Premier King's words make plain the financial policy of the **Liberal Government.** They indicate that there is a provincial area within which Provincial Governments must finance that is mind their own business and look after their affairs resolutely and economically. The Dominion Government according to Premier King has likewise its own financial and business domain. Within each of these domains the particular Government in power provincially and Federally is supreme and constitutionally should know enough to embark on policies financially sound and aggressive. The Dominion Liberal party has followed this course for eight years and saved millions and cut taxation more Moreover, the Federal Government is shouldering millions. almost one hundred per cent of the cost of the war-the average provincial government getting off practically scott free. Everv dollar handed over by Premier King to a Tory Provincial Government-and this is Prime Minister King's clear conception of the case-means a dollar lost towards paying pensions and allowances to the disabled and unemployable veterans of Canada.



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