

to the provinces in addition \$62,203,000. So that the provinces now under this legislation will be receiving \$693,081,000.

Hon. Mr. Leger: They may be receiving it.

Hon. Mr. Macdonald: I am talking of the contributions under this legislation. The additional amount is made up of \$62,203,000, under the second clause of this bill, plus \$25 million under the first clause, which makes the total amount \$87,203,000.

Hon. Mr. Brunt: Even persons other than the Minister of Finance are having trouble with figures.

Hon. Mr. Macdonald: I do not see why the Minister of Finance should have difficulty; he deals with nothing but figures. I never deal with figures in this amount, except when I am speaking on legislation of this type.

The suggestion was made by the Leader of the Government that it was impossible to have a dominion-provincial conference because the provincial legislatures are now in session. Well, the legislatures only went into session this week. All of January was free, and a conference could have been held then. Oh, my friend will say, Parliament was in session during January. But honourable senators will recall that many dominion-provincial conferences have been held while Parliament was in session. There is no reason whatsoever why there could not have been a dominion-provincial conference early this year, as the provinces expected.

Honourable senators will recall that during and immediately before the last election the Province of Ontario said, it must have at least \$100 million more. In fact, if my memory serves me correctly, Mr. Frost wanted \$118 million more, and he said that he could not get along with less. Well, under this legislation he gets \$22 million, which is a long way from \$118 million. Of course, it is something, yet it is not one-fifth of the amount which he almost demanded. Whatever amount he gets, honourable senators, I think we should know a little more about the source from which this money is to come. It is most unfortunate that there has not been a complete financial statement of this country presented to Parliament. Why have we not had a budget? Why have we no budget now? In the past, expenditures of this kind have never been made unless a budget was presented first. Here we are today passing a bill providing for \$87,203,000, and we do not know whether there is that amount of money in the treasury to make the payment. Why? Because there is no budget. Would it be difficult for the government to say, "Here, we have this money"? We do

not know whether we are in a sound position at this time to make the payment—no one knows. We are just voting this money in the dark, for we are completely in the dark as to the financial condition of the Dominion of Canada. Yet we have to go along with the bill.

Hon. Mr. Brunt: No, we do not have to.

Hon. Mr. Macdonald: Oh, yes, we do; there is no doubt about that. We have to go along with it; we are not going to vote against it. I am not going to vote against it.

Hon. Mr. Brunt: Surely you are not going to vote for it?

Hon. Mr. Macdonald: Oh, surely I am going to vote for it. The Government must take the responsibility for providing this money; it is not going to turn that responsibility over to anyone else. But the Government has another responsibility which it is not fulfilling at this time: it is in not presenting to this house a financial statement which would enable us to vote intelligently. If the Government does not want to do that, it will have to answer for it.

Honourable senators, the Leader of the Government referred to world conditions, and mentioned how uncertain everything was and how near we may be to the brink of war. I think we all feel that way. He intimated, and I think we all agree, that our defence expenditures must continue. There are two ways in which we can raise this money, either by taxation or by reducing expenditures. To reduce expenditures we must reduce materially the expenses of the Department of National Defence. That is completely inconceivable at this time, in view of the condition the world is in. Therefore, there can be no material reduction in our expenditures, and the money can come from taxation only.

Now we come back to the point raised by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck)—

Hon. Mr. Euler: The money can be raised by borrowing, I suppose.

Hon. Mr. Macdonald: To borrow is to put us into debt. If the money cannot be raised by taxation, that means that eventually it will have to be raised by borrowing, and that in turn would result in taxation. No, honourable senators, I see no way of providing this money except by taxation. The danger is that when the Government taxes and raises the money and gives it to a provincial Government, the people of that province which receives the money are apt to feel they are getting something for nothing. Of course, no province will get something