

Section 4 gives further details, the second reading:

4. (1) For the purpose of securing Canada against loss resulting from the giving of a guarantee under the authority of this act, the government of Canada, whenever in its opinion any default has occurred in respect of any payment on account of principal, interest or sinking fund of the guaranteed securities, may:

(a) withhold any payment to the province on account of any grant payable by the government of Canada to the province for its local purposes or for the support of its government and legislature or on account of interest in respect of its public debt or in lieu of public lands or on any other account whatsoever;

(b) effect payment in whole or in part of any such grant by payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities. In this and the next succeeding paragraph "creditor" shall include a trustee of a sinking fund;

(c) out of any revenue received or collected by the government of Canada or any department of officer thereof for or on behalf of the province, make payment direct to a creditor of the province of any amount owing to such creditor on account of the guaranteed securities.

I submit that if that comes into force, a province would be practically in the hands of a receiver. If I have learned anything from the way in which business has been conducted in this house ever since I have been a member, it is that the financial interests predominate. Pressure will be put upon the province to cut still further its expenditures, more nearly to balance its budget, all of which means inevitably a starving of social services. Where then will be our schools, our hospitals and our various pension schemes which have been built up through the years?

I cannot say that I agree fully with the hon. member for Lethbridge in his conception of how the money power works. However I can assure the house that I am under no delusion as to the money power being dominant in our public affairs. I do not think it is quite so simple as the hon. member for Lethbridge puts it; I do not know that the influences will be recognized as being quite so sinister, but they are none the less real for all that. We see how they operate in this house. We have the money to pay huge interest charges which take thirty-six per cent of our revenue, but we have no money to help a few blind people who need help so much. That is so in this house where the members have an opportunity of exercising a certain amount of pressure on behalf of some of these needy people. What will be the effect in remote districts and in the provinces where boards of administration removed from popular control will be chosen to see that the financial obligations are lived up to?

[Mr. Woodsworth.]

I have just one more word to say. I assume that this resolution will go through, as I cannot conceive of a message of this kind being thrown out by the senate. The government has a sufficient majority in this house to pass anything and I do not know that there is likely to be very strong opposition from the official opposition. If this goes through I do not know that the result will be so much more disastrous than the present state of affairs. I would say that we are simply making statutory, conditions which now exist in fact. Whether or not the financial power exercises itself directly through the forms of this house, or indirectly through the pressure that may be put upon the legislatures of the various provinces, or upon various individuals, the power is there and, so I come to the conclusion that by this legislation we are simply making statutory a condition which has gradually developed and which is proving to be a very disastrous one to the large masses of the people of Canada.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the principle involved in this humble address to be presented to His Majesty is an amendment of the provisions of the British North America Acts, 1867 to 1930. This amendment refers to taxation and enables the government of Canada to guarantee the debts of the provinces. This is a most unfortunate departure from the basic principles upon which the British North America Act was consummated. It has been said that charity covereth a multitude of sins, but, so does taxation. This resolution covers nearly all the subsections of sections 91 and 92 of the British North America Act, which are correlated according to all the decisions given so far by the privy council. Practically all the subjects referred to in these sections and subsections require taxation to raise revenue to carry them out.

So far the provinces up to 1930 were able to get along and carry on with the cash subsidies allowed under the British North America Act plus direct taxation within the provinces for the purposes of raising revenue. What is proposed under this resolution? The provinces are now to be given the additional right of indirect taxation within the provinces. This indirect taxation is to apply to all kinds of commodities except what is set out in this resolution, liquor, tobacco, cigars and cigarettes. In my opinion the privy council is the one court in which a litigant under the British North America Act can get some justice and relief. We owe a great deal of the good work from confederation in our parliamentary government to the wisdom of the decisions of the