

**Hon. Mr. Brunt:** He is a good singer.

**Hon. Mr. Hayden:** —because he thinks more bank notes are going to come to his province. But if I were in his position I would not do any spending or embark on a single additional project in the expectation of getting more money, for in my view there will not be any additional revenue by reason of this change from 10 to 13 per cent.

I was curious about one expression used by the honourable Leader of the Government (Hon. Mr. Haig) when he was explaining the bill. He and I have been very good friends since I came to this house. I always enjoyed listening to him when he was Leader of the Opposition, and I like to peck away at him now that he is Government Leader in this chamber. That is why he is sitting there, just so we can peck away at him. He said something or other about us standing on the edge of an abyss and I wasn't quite sure whether he said "abyss" or "Abbott" or just what he said, and I was wondering what he was referring to.

He also went into the question of the risk of war and how our children might go overseas and never return. Well, we all have very serious thoughts about these things, but of course they have nothing to do with whether the provinces should get a 10 or 13 per cent share of the federally-collected income tax revenue. It is up to the federal authority to provide for armament and to make defence expenditures, and no part of the provincial share of income tax revenue is going to be spent on defence matters. It will all be spent on provincial matters.

Having expressed my views on the principle of so-called tax rental agreements, I am not concerned as to whether this bill should go to committee. As a matter of fact, I see no reason why it should. This legislation may be a stop-gap or designed to provide an interim payment intended to pacify the storming provincial premiers so that a federal-provincial conference will not have to be called in the immediate future. Whatever the purpose, I am not concerned with it at the moment. I am concerned, however, with the principle of rental agreements, and I think we will all be better off when the provinces get back to collecting their own tax revenues, and we get rid of this business of putting a conduit pipe into the taxpayers' pockets and funnelling his dollars through that pipe to the federal authority and then to the provincial authorities. The sooner we get rid of this system the better.

**Hon. W. Ross Macdonald:** Honourable senators, I do not intend to delay the house on this bill. I agree to a large extent with the remarks just made by the honourable

gentleman from Toronto (Hon. Mr. Hayden). I agree, generally speaking, that it is a very bad principle for one administration to collect tax revenue and for another to spend it. However, we have the difficulty in Canada of some of our ten provinces being, as they say, more wealthy than the others. Something has to be done to try to provide the same standard for all provinces. The former administration introduced what was known as the equalization principle, whereby the provinces having a lower per capita income would receive special federal grants designed to bring the standard of those provinces up to the same level as that of the others. I am pleased that this legislation recognizes the equalization payment formula and that these special grants will be made under the legislation now before us.

The honourable gentleman from Waterloo (Hon. Mr. Euler) asked the Leader of the Government whether the figures the leader quoted were from the first or second statement that was given out. Well, when we realize that two figures were given out, we must also appreciate that this is very hasty legislation. It is important legislation, yet it cannot have received the consideration by the Government to which it was entitled before it was presented to the people. Imagine how the people of British Columbia feel about this. On Saturday last the Minister of Finance announced that under this new legislation the province of British Columbia would receive \$5,563,000 more than it has been receiving up to this time.

**Hon. Mr. Farris:** There were big headlines in the Vancouver papers.

**Hon. Mr. Macdonald:** I suppose, then, that all the people of British Columbia would be disappointed.

**Hon. Mr. Farris:** No.

**Hon. Mr. Macdonald:** I did not think all the people would have had an opportunity of reading the first announcement, but if it was in big headlines everyone would be disappointed when they heard on Monday that instead of \$5,563,000 more they would receive only about half of that amount, or \$2,842,000.

Well, honourable senators, if that is an indication of the consideration that has been given to this legislation, I do not suppose that we can be expected to give too great consideration to it at this time, because we cannot hope to get much information. I do know that under the former administration there was given to the provinces \$630,878,000. Under this legislation—and I am not referring to the \$25 million being given to the Maritime provinces—there is being given