

cally the amount of revenue which each had collected through these taxes in the year 1940 or the year 1941, I have forgotten which.

In 1945 the Dominion Government submitted new proposals to the provinces. These proposals were not based on the recommendations of the Sirois report. Personally I have always regretted that the Dominion Government at that time did not make at least one more serious effort to have the Sirois Commission's recommendations adopted. However, a different line was taken, and the taking of that line has led us to the position where we are considering a bill to ratify the agreements which the dominion has made with all but two of the provinces.

Hon. Mr. NICOL: May I be allowed a question? I have always understood that in the 1941 conference three provinces were for the agreement, three were against, and three did not commit themselves. I understood the honourable senator from Churchill (Hon. Mr. Crerar) to say that six provinces agreed.

Hon. Mr. CRERAR: Three provinces disagreed, and there were six who, in varying degrees, were in agreement with the recommendation of the commission. The new proposals were dealt with this afternoon by the leader of the opposition, and I do not need to retrace the ground he has covered. Briefly, as a result of various conferences, and also of the proposals made by the Minister of Finance a year ago, a new arrangement has been reached. But in the making of this new arrangement the principle of fiscal need of the provinces as recommended by the Sirois Commission has been abandoned; and today, if all the provinces were to accept the proposal, the amount of the grants to be paid by the federal government on the basis of national production this year, would be approximately 228 million dollars. A feature of the agreements is a fixed minimum of payments, amounting in the aggregate to 206 million dollars for all the provinces. The formula of national production as related to population is then brought into play; and on the basis of our national production for 1947, which figure I shall give in a moment, the payments will reach a total, as I have stated, of 228 millions of dollars.

Speaking to this resolution in the House of Commons the other day, the Minister of Finance presented, I think, a rather too rosy picture of the benefits which would flow to Canada if all the provinces came into this agreement. With your permission, I will read a paragraph from his speech. He said:

The purpose of the dominion in preparing these proposals was to endeavour to work out with the provinces a co-ordinated programme by

which the dominion and provincial governments could most effectively work together to maintain high and expanding levels of employment and national income such as had been attained in wartime, to provide a wide measure of economic and social security, and finally to give the Canadian people a less burdensome, more efficient tax system, which indeed was a prerequisite for attaining the other objectives.

Let me say at once that there is no question of the advantage of having one taxation authority so far as corporation taxes, personal income taxes and succession duties are concerned. But I cannot agree that if the provinces—I mean all the provinces—accept this proposal, all these other benefits will follow; and I would like to discuss that point for a moment or two. The total amount received from these taxes by the provinces in the last year they levied them was, according to the statement made by the leader of the opposition this afternoon, 117 million dollars. I thought it was a little more.

Hon. Mr. HAIG: That is what Mr. Abbott said.

Hon. Mr. CRERAR: Under the guaranteed minimum arrangement the federal government pays 206 million. It must be borne in mind that that amount is inclusive of the old statutory subsidies, which, as I recall, amounted for all the provinces to something like 17 million.

Hon. Mr. HAIG: Just about that.

Hon. Mr. CRERAR: In any case the dominion has been very generous with the provinces in the offer it has made. I have no hesitation in saying, for reasons which I shall elaborate in a moment, that it has been too generous. The total tax burden of the Canadian people today is enormous. The commitments we have made for federal purposes, including the service of our debt, family allowances, old age pensions, care for our soldiers, subsidies to the provinces, defence expenditures—which, from the present outlook over the world, I am afraid we shall have to increase—and other obligations which the federal government has undertaken, will impose on the people of Canada taxation of at least 2,000 million dollars a year. That, honourable gentlemen, is a very heavy burden. Remembering that the total taxes levied for federal purposes in the year prior to the war was around 550, million dollars, we can see what progress we have made in the direction of imposing additional taxes.

It is quite true that heavy taxation was essential during the war, and I say here that the financial policy of the government at that time was an outstanding success.

Some Hon. SENATORS: Hear, hear.