

This is far from being the first occasion when this subject has been under discussion, and I have no doubt that there may be some impatience in the minds of some members of the government to hear it raised again. The possibility that the wartime agreements under which the dominion government took over taxing powers in return for payments to the provinces might weaken our federal system was raised when the dominion government first proposed those agreements in 1942. It happened that I took part in some of those discussions so far as they affected the province of Ontario and I know that there never would have been any agreement with the Ontario government if there had not been a firm and unqualified promise by the dominion government at that time that these were only temporary agreements for the duration of the war and that within one year after the termination of hostilities the revenue position of the provinces would be restored and their taxing powers returned undiminished to them.

The question before this house is, therefore, not merely the survival of our federal system, but the extent to which the government is prepared to honour an undertaking which it has never denied, and in fact which it admitted when we met in conference some years ago.

It is worthy of comment at this point that in Australia, where similar agreements were made between the federal and state governments at about the same time with the same promise, the taxing powers of the six states in Australia were fully restored this year. The government of Australia did not treat their promise as a mere scrap of paper.

When the dominion-provincial conference met in 1945, on the first day of that conference this subject came up for discussion and I propose to quote from what I said on August 6, 1945, to indicate that the arguments I put forward then are the arguments that I am prepared to repeat on behalf of the party which I have the honour to lead. I quote what was said at that time:

Not only because of the very practical considerations in our own country which are as real today as they were in 1867, but also because of sound arguments which can be advanced in support of decentralization of authority, the strength of the provincial legislatures and their governments within their own clearly defined jurisdiction should be maintained.

If we accept the proposition that the provincial legislatures are to continue to exist as responsible bodies with full legislative powers over their own defined fields of legislation, then those legislatures must have real and not merely nominal powers. The power to legislate and to govern rests upon the power to raise funds by taxation.

Any arrangement which provided for a centralized collection of the greater part of the tax

requirements of provincial governments and made them mere annuitants of the central government would place the provincial governments under the control of the central government to an extent that meetings of the members of the legislature would become almost meaningless because of the limitations within which they would be called upon to legislate. If the provincial legislatures are to continue as free and responsible legislative bodies within the conception of the British North America Act, then it would seem clear that the provincial governments must have authority over their own taxation within clearly defined fields.

That was the position I took in 1945, speaking as the head of the government of the province of Ontario. It was the position I had taken earlier in 1942 as leader of the opposition in the Ontario legislature when I was consulted by the then premier of Ontario, and it is the position I take today on behalf of the party that I lead.

At a later meeting of the dominion-provincial conference on January 8, 1946, I said this:

If the provincial governments, and in turn the provincial legislatures, were to abandon their most important sources of direct taxation in return for an annual payment on a fixed basis, they would place themselves in a legislative straitjacket from which they could only escape by abandoning still further powers in return for added payments at some date in the future.

If the provincial governments placed themselves in such a position that they were only able to expand their activity with the approval of the dominion government, they would become little more than local administrative commissions of the dominion government, and the provincial legislatures would cease to possess anything but the form of administrative responsibility.

Today that situation has in very large measure already arisen. In many cases the provincial governments have quite frankly stated to the municipalities, which are exclusively under provincial jurisdiction, that under the fixed arrangements which now exist they are unable to assist them. For that reason municipalities have turned to the dominion government and are seeking grants of one kind and another, which should be available to them either from their own revenues or from the provincial governments. Nothing could more effectively destroy the whole structure of our federal system than that the municipalities which are incorporated and receive all their authority from the provincial legislatures should become dependent upon the dominion government and in doing so be under the direction and control of the dominion government. That would, in fact, be the last nail in the coffin of our federal system.

No matter what arguments might be put forward in any other country in support of a unitary system, and it perhaps should be noted that there is no country even half the size of Canada anywhere else in the world