

The Address—Mr. Garson

federation was that at that time that great country was being torn to pieces in a civil war based upon the issue of states' rights. If there ever was a time when the United States constitution would make little appeal as a precedent to any nation like Canada, contemplating a federal system of its own, 1867 was the time. I suggest to my hon. friend, the leader of the opposition, that if he studies this matter somewhat more than he appears to have done so far he will get to know—he certainly does not appear to know now—that not only were the fathers of confederation, particularly those of his own Conservative party, anxious not to create substantial provincial rights in Canada, but they were in favour of an outright unitary state in Canada.

If he looks at page 229 of the confederation debates he will see the Hon. John A. Macdonald quoted to this effect, and at page 403 the Hon. John Rose, later Minister of Finance for Canada. On page 690 of Pope's "Memoirs of Sir John A. Macdonald", he will see Sir Charles Tupper's views on this subject. But, owing largely to the efforts of the Liberal leaders of that day, it was made apparent that Canada had to be created on a federal basis. The result of those deliberations was stated by Sir John A. Macdonald in his usual lucid and terse way in these words:

Therefore, we were forced to the conclusion that we must either abandon the idea of union altogether, or devise a system of union in which the separate provincial organizations would be in some degree preserved. So that those who were, like myself, in favour of legislative union—

That is, of an outright unitary state.

—were obliged to modify their views and accept the project of a federal union as the only scheme practicable, even for the maritime provinces.

This is from confederation debates, page 29. This same idea has been covered by one of the Liberal leaders, the Hon. George Brown, in these words—confederation debates, page 108:

There was but one choice open to us. Federal union or nothing. But in truth this scheme now before us has all the advantages of a legislative union and a federal one as well.

It was in consequence of these opinions that we had set up in Canada a federal state strongly centralized in many respects, with all of the residuary legislative powers left by our constitution with the dominion government. In no respect was it so completely centralized as in the financial plan of confederation, the very hub around which revolves nearly all of our problems of dominion-provincial relationship in 1949, as in all previous years. In this financial plan the utmost in centralization was deliberately provided for. The provinces were deliberately

left with small revenues, which in some provinces were inadequate from the start, in order that the legal powers which they received under the constitution would be supported as little as possible by revenues wherewith to pay for exercising them. The idea was that after a short trial with that sort of federal system they would ultimately, in the language of Sir A. T. Galt, "at no distant day be enabled to do away with those artificial boundaries which separated one province from another, and come together as one united people"—without any provinces. The last three words are mine.

Mr. Smith (Calgary West): That is obvious.

Mr. Garson: It is noteworthy that the leader of the opposition's Halifax speech, and all of his earlier speeches, are in keeping with this Conservative centralizing tradition, but he is slipping away from it since he became leader of His Majesty's opposition.

Let us look at the financial plan of confederation. It gave to the national government unlimited powers of taxation with which to take care of the cost of national matters, which even at confederation was very considerable. To the provinces the dominion government was to pay a subsidy. It was considered that this subsidy, together with the provinces' returns from their natural resources and other local revenues, would be sufficient to take care of the small cost of the simple machinery of provincial administration without imposing any provincial taxes at all. But against the chance that provincial taxes might be required, the provinces were given the power to impose unpopular direct taxes, such as income tax, corporation tax and death duties. At that time these unpopular taxes were not in use by any government; and the fact that the provinces could get the extra money they required only by the use of unpopular taxes was intended to make them prudent and economical. In a speech at Sherbrooke in 1864 the architect, the man chiefly responsible for this financial plan, Sir A. T. Galt, gave a full and clear statement of how it was to work. This is what he said, in part:

Now, one objection to confederation was made on the ground of expense and in order to meet this every effort had been made to reduce the cost of the local governments so that the local machinery should be as little costly as possible, for it would not do to affront the intelligence of the people and tell them we had devised an expensive kind of machinery to do a very insignificant amount of work.

Imagine telling that to any provincial treasurer, with the duties a provincial gov-