

*Tax Agreements with Provinces*

people, of Canadian people, who have chosen a form of government. Perhaps it was chosen by our forefathers but we share in that decision, and in that sense we today can say that we have chosen the federal system. We have chosen it because we are a far-flung nation. We are a nation of many different strains, of different economic and other interests; and it seems to us in our nation desirable that there should be a division of the functions of government as between the central government and local governments. But having made that decision we feel as Canadians—and I think this view is the view of Canadians generally—that each of those governments, both the central one and the local ones, has important functions to perform.

When one talks about the sanctity of the federal system, about doing things to keep that federal system alive and functioning, he should bear in mind the responsibilities of both these levels of government. It is not a defence of the federal system just to stand up time and again and insist that certain functions and rights should be restored or given to the provinces. It is a proper defence of the federal system to remind us of the functions and the rights and the responsibilities of the provincial governments, but at the same time to remind us of the functions and the rights and responsibilities of the central government.

Both these levels of government, as I see it, have an overriding responsibility; and that is not just to quarrel with each other, to vie for position. It is their overriding responsibility to serve as best they can the interests and the welfare of the people of Canada.

In my view this issue was grappled with very thoroughly and wisely by the Rowell-Sirois commission. A lot has happened since then. The picture in degree at any rate has altered tremendously because of the war and the economic developments that have taken place since; but it seems to me that the pith and substance of what the Rowell-Sirois commission recommended still holds true, namely that we have somehow to rethink and recast our financial set-up in this country so that the wealth that is created across this broad land is not channelled into two or three areas where there can be great prosperity at the expense of other parts of the country, but rather that that wealth is made available for the highest possible standard of living and as nearly as possible equality of opportunity throughout the country.

The system we were labouring under prior to the war did not facilitate that sort of

arrangement or that sort of distribution of the wealth created by our people. The system we were working under prior to the war enabled people in certain parts of the country to make wealth out of the labours of people in other parts of the country and yet, in the nature of things, to escape the taxation that should go with the wealth they were thus drawing to themselves.

The recommendations of the Rowell-Sirois commission, if I understand them at all, were directed to the idea that arrangements should be made so the nation's wealth could best serve the interests of all Canadians. Accordingly the Rowell-Sirois commission felt that in terms of taxation authority the position of the central government of the Canadian people should be strengthened. I plead with the members of this house to think in those terms, not to think of ten provincial governments and ten provincial cabinets, as it were, vying with the cabinet down here for prestige and power and authority. That is not the problem. The problem is: what is the best way that government—government in its entirety—in this country under the federal system can serve the interests of the Canadian people. I am satisfied that the heart of what the Rowell-Sirois commission recommended is correct; that if we are going to serve the interests of the Canadian people in the best possible way it is desirable that so far as the taxation of the wealth of the people for redistribution in terms of improved social security, and government projects of one kind and another is concerned, it must be strengthened at the level of the central government.

I agree that that having been done and there still being functions which the provincial governments, which are in closer proximity to the people, can perform better because of that very promimity, they must be in a financial position to perform them. All the provincial governments must be in that position, not just two or three or four of them depending upon their geographical location or how the wealth of this country gets channelled; and if they are all going to be in that position we have to think in terms not of our loyalty to provincial governments in various parts of the country but of our loyalty to Canada as a whole.

In my view it is a tragedy that conditions, some of which were beyond our control—I refer to the outbreak of the war—and some of which were internal, prevented the implementation in some form or other of the pith and substance of the Rowell-Sirois recommendations. The war came, and the desirability that what had been drawn to