

about the kind of budgetary accounts that the federal Government keeps, and how on the basis of those accounts it charges most capital to current expenses, and so on. There would be very few solvent businesses in this country if they adopted that practice. The most successful businesses in this country that I know of find their capital expenditures going up each year, and in many cases their debt going up each year, and yet the shareholders remain perfectly happy.

I am looking at Senator Crerar when I say that this is not a plea for indiscriminate spending, but I did look at the public accounts to see what Canada's record is. At pages 238 and 239 of Volume I of the Public Accounts for 1963 I found that in the fiscal years from July 1, 1867 to March 31, 1963 there were only 24 years in which the Canadian Government had a surplus.

But, I must return to this bill and to this question of abatement. Now, "abatement" means something. It has some meaning, if when the federal Government steps out of certain areas of the tax field, as it is stepping out of certain areas in the income tax field, then it receives some *quid pro quo*. There is a *quid pro quo* in this bill in those references in section 7 to the additional abatement granted an individual who resided on the last day of the taxation year in a province that was, in that taxation year, a province providing schooling allowances within the meaning of the Youth Allowances Act.

There is a provision for complete equalization. If the abatement is greater than the payment out, then the province makes it up, and, on the other hand, if the province pays out more than the abatement then the federal Government makes it up. So there is a complete equalization there, but the abatements that we saw last fall and this spring, and those we have seen previous to those times, by and large have not been abatements for which there was any *quid pro quo* at all.

The extent of federal contributions to provincial revenues either by way of statutory subsidies, tax abatements, tax rentals, equalization and conditional grants is set out at page 113 of The Report of the Federal-Provincial Conference of 1963, a copy of which I think all honourable senators have. That gives the figures from 1956-57, when the total was only \$689 million, up to and including 1963-64. The figures for 1962-63 and 1963-64 are merely estimates. The total for 1963-64 is estimated at \$1.946 billion. The total over the eight-year period is over \$10.5 billion, a figure which is far in excess of the accumulated deficits during that period, and a figure which bears some significant relationship to the total debt of the federal Government. Perhaps we did get a *quid pro quo*,

and perhaps I should go back and correct myself. Perhaps we did get a *quid pro quo*; perhaps we did get an abatement for that extra 2 per cent in 1965-66 and the extra 4 per cent in 1966-67. I think I should go back in history for a moment.

A federal-provincial conference was held in November 1963. There were certain agreements then, which were reflected in the budget speech of the Minister of Finance in March 1964. There was another federal-provincial conference from March 31 to April 2, 1964, and all that one can judge from the communiqué is that little was accomplished at it. Then there was a running down to Quebec City by representatives of the federal Government, unaccompanied, as far as I know, and without any prior consultation with representatives of the other provinces. Then we were told that "Confederation had been saved" because of these further abatements, which we are putting into effect now. The *quid pro quo*—and I suggest a very unsatisfactory *quid pro quo*—was that the province of Quebec would modify its pension plan so that the federal Government, having made some further modifications to its pension plan, could say that we will have, in effect, a uniform pension plan across Canada.

Let me make it clear that I have no objection to the Honourable Mr. Lesage, or the Quebec Government, using their bargaining power to the utmost under those circumstances. That is the proper thing for them to do in the interests of the people of the Province of Quebec.

I had no objection, when the Province of Quebec announced that it was not going to participate in the original Canada Pension Plan or even in the second and third versions of it, that it was going to have its own funded plan—because it was made very clear that it wanted to build up a very substantial fund of money which would be available for the economic development of the province. If the people of Quebec desire a funded pension plan, as I say, I had no objection when they announced it, and I have no objection today. Having regard to their own particular economic position and their aspirations at the present time, if the people of the Province of Quebec are prepared to remove the sanction of the market place from their government, that is for their decision, since that really is what building up these huge funds in the hands of the provinces means.

What I object to is the federal Government being deprived in the year 1966-67 of \$139 million of revenue in order to foist a funded pension plan on all the other provinces of Canada, some of which have indicated that they are perfectly satisfied to deal with the matter within their own borders and in their own way. That of course is a subject to