

Hon. Mr. Roebuck: The authority may only extend to that date, but the agreement says it should be reconsidered at that time.

Hon. Mr. Hayden: I do not know that there is any difference between my friend and myself. What I am saying is that there is authority to pay \$8 million a year which will terminate on March 31, 1967. Now that terminal date is removed by this legislation. That is all I am saying. I am not saying what the effect is or what the effect of other provisions may be, but I assume the parties could come together and reach agreement.

Hon. Mr. Hollett: The royal commission stated there should be \$8 million per year paid until March 1967, and thereafter—I think they really meant “hereafter”—they were going to continue paying \$8 million.

Hon. Mr. Hayden: “Hereafter” has many connotations, and some of those connotations, I would say, are most indefinite. I would favour the idea of striking out the terminal date if we want to have some assurance of continuity. But then of course somebody would have to take action to establish a different basis if there is to be a different basis. In the meantime it goes on without the limitation of time.

Hon. Mr. Lambert: May I ask my friend if he would care to envisage the possibility of its continuation from 1967 on, or what modification might occur upwards or downwards?

Hon. Mr. Hayden: In the presence of excellent representatives from the Province of Newfoundland who would have a much closer knowledge of conditions in that province than I have, because theirs is a close-range view while mine is a long-range view, and accepting the recommendations of the royal commission on the \$8 million, and knowing how uncertain some things are that must find their authority in Parliament, and how sometimes you should not count on them until they happen, I would not venture any guess at all—not even a guess as to what might happen in 1967.

Hon. Mr. Brooks: You laid a good foundation for that speech.

Hon. Mr. Hayden: I think I have covered in more detail than I had intended the pertinent provisions of the bill. I have tried to deal with the subject of the bill, that is the fiscal arrangements, very briefly, but because I did not take much time in dealing with the subject matter I hope you will accept my statement, my feelings, my views and philosophy in this matter, that I doubt if there is any subject in the make-up of Canadian Confederation and the relationship of the provinces to the federal authority, which

could be higher on the list than this one, because everything in Canada and even the very future of Canada itself depends on the success of combined provincial and federal operations.

In my view one essential for that is that there must be a strong central authority which will recognize the limitations on its purse, and the necessity of serving national purposes which are over and above and beyond the scope of the provinces. It takes money to do that. I include this additional factor that we should not, in making the payments, permit such a continual drain upon federal income and finances and on taxation to produce that income that the deficits, in this era of deficits in which we are operating, will be increased by reason of the contribution we find it necessary to make. Sooner or later the era of deficits must be terminated and we must enter an era where we are able to finance much more substantially than we are doing now the requirements of Canada. We must be able to do it out of the revenues we collect without imposing any heavier burden on the people, and I would hope perhaps we would be able to do it with a lighter burden. That depends upon so many factors that I would not wish to be taken as being dogmatic. We cannot go on as we have been. We have been piling up deficits, a substantial part of them being made up of our pay-outs to the provinces and an abatement of our sources of income so that the provinces may supplement theirs.

At some stage the federal authority has to stop being a happy hunting ground for revenues, and there must be some reasonable relationship between needs, available revenues, and the capacity of the federal authority, having regard to the national demands upon its treasury.

Hon. Jacques Flynn: Honourable senators, I recall that at one time somebody used the expression “fiscal jungle” to describe the situation that prevailed before the last war in the domain of taxation in Canada. I wonder what expression we should use to describe the present situation.

I think the sponsor of the bill is the only one who could conduct us through the inextricable labyrinth that constitutes the field of fiscal relations between the federal authority and the provinces today. Also, I think he deserves a word of commendation for the excellent job he has done. However, if he has shone some rays of light through this jungle, there are still many corners that are completely obscure.

I can understand that in an hour or so no professor could give a complete lecture on this subject, and I am quite sure that no pupil could learn everything in the same time. The