

*Tax Agreements with Provinces*

there are those who sincerely believe that a unitary government would be the best system for this country. There are those who believe the contrary.

In presenting my arguments, I present them from the point of view of one who believes that the continuing strength and unity of Canada depends upon the extent to which we adhere to the idea of confederation, and the extent that we not only express our belief in the federal system but also give positive evidence that we are prepared to make that federal system work by assuring to the provinces the measure of taxing independence they should have in relation to their legislative and administrative responsibility. Anything else places some measure of control over the provincial governments.

This government may think it is in a better position to exercise judgment in regard to important matters than are some of the provincial governments. If that is their opinion, most certainly they are free to assert it; and anyone should accept that opinion as an expression of individual belief or the collective belief of this government.

**Mr. Abbott:** Only it has never asserted that.

**Mr. Drew:** But it is not consistent with the concept of the federal system. The Minister of Finance has just said "But it has never been asserted." That is perfectly true; it has never been asserted; yet the course that is followed is one that is only consistent with the belief that we should work toward a unitary government in this country.

The predecessor of this agreement, similar in form and in general intent, was brought forward as a temporary expedient in time of war. There was never any suggestion that it would not centralize authority. It was agreed that it would do so. It was agreed that centralization was necessary during the years of war. The years of war have passed and the centralization continues. I suggest that more than lip service should be given to the principles of confederation, and that this government should take appropriate steps to show that when the undertaking was given in 1941 that the status of the provinces would be returned to them unimpaired, the government really intended to carry out the undertaking which was the condition precedent to the acceptance of that agreement which is now being renewed with certain amendments. The agreement is before us.

**Mr. Abbott:** Not yet.

**Mr. Drew:** I assume that eight of the ten provinces have indicated their willingness to continue that agreement. This is the time for the government to assure us that steps

[Mr. Drew.]

will be taken to examine our whole system of taxation in Canada so there may be a clear allocation of taxing powers which will give to the dominion government its clear field of taxation and to the provincial governments their clear fields of taxation. Then the provincial governments, under whose jurisdiction the municipal councils operate and tax, will have their tax fields made available to them.

Without going back over the arguments which have been made and without debating this agreement in itself, may I say that this would be the opportunity for the government to indicate that it has paid attention to the requests of the provincial governments and the municipalities, and that it will take the appropriate steps to explore the various possible methods of taxation so that proposals may be submitted to the ten provincial governments for consideration in the hope of ending the confusion which has been emphasized over and over again in this country. It was emphasized by Hon. J. L. Ralston in 1940 when he referred to the Sirois report. It has been emphasized over and over again. Instead of muttering comments which I cannot hear clearly across the floor of the chamber, I would hope that the Minister of Finance would pay some attention to this subject and would give us some assurances that the solemn undertaking, put forward by this government as a condition it would fulfil if the provinces accepted the agreement, is to be carried out and that this government intends to take appropriate steps to bring our federal system back to the underlying principles which were accepted in 1867.

**Mr. Knowles:** It seems to us most unfortunate, indeed it is almost a tragedy, that we have not yet reached a proper and nation-wide basis for taxation agreements as between the federal and provincial governments. The importance of this problem in our federal system, and its importance to the welfare of the people of Canada, cannot be overstated. Nevertheless I disagree, and I disagree profoundly, with the basis upon which the leader of the opposition would like to see that agreement reached.

Every time I hear speeches of the kind to which we have just listened, whether it be on the question of the British North America Act or whether it be on financial arrangements between the provinces and the dominion, it seems to me there are some people in this country who think of Canada as a group of ten little kingdoms in conflict with some overriding body to which they have surrendered some authority with great reluctance. That is not our view of Canada. Our view of Canada is that it is a nation of