

of its plans, the then minister of finance, acting for the government, brought in a proposal which dealt with only one of these three matters, the fiscal relationship of the dominion and the provinces. It omitted the security proposals and it omitted the public investment proposals. What have we now? The public investment and social security programmes are still in the clouds, and we are left only with the matter of fiscal relationship.

In that connection the government has departed from principle in arriving at what the payments to the provinces should be, and it has resorted to expediency. The proposals now before the provinces of Canada are not based either on the principle of fiscal need or on the basis of equal per capita grants. Some other mixed-up formula, concocted in an attempt to bring about something like equality, is now before the provinces. It is supposed to give equally, but it does not give equality. In a few moments I will show that the province of Quebec is not getting as much per capita out of this thing as any of the other provinces of Canada. When the government departs from the principle of fiscal need, why not keep to some other principle such as per capita equality?

As I pass along, let me say that the proposals before the provinces at the time parliament prorogued provided that the dominion would collect about \$200,000,000 from the people of Canada and pay it out to the provinces on a certain basis. That plan was altered; it was altered at first because they could not get the province of British Columbia into the agreement on the basis proposed. I notice, Mr. Speaker, that in the documents which were tabled the other day with respect to all these negotiations with the provinces there is only one letter on file concerning the province of British Columbia, and it consists of only five lines. I cannot place my hand upon it at the moment, but it acknowledges receipt, from the then minister of finance some time last summer, of his budget proposals. It contains five lines. That is all we have among those documents to show what has taken place between this government and the government of British Columbia, with which a new agreement has been made, differing from the budget proposals of the Minister of Finance. That is all we have. Perhaps it is all the government has, but that is not what we have been told.

In the matter of this agreement itself what I want, and I am sure all the members of the house want, is to see the matter completed. We want to see the government make another earnest effort to reach agreement with the

provinces. If the government perseveres to the end in the policy it has followed in the past, that is, to proceed province by province, it will make unanimous agreement more difficult.

I am now handing this copy of the letter, the only one I find on a file which is supposed to comprise all the documents—at least all the correspondence which took place between this government and British Columbia. This letter is dated July 10, and states:

Dear Mr. Ilsley:

I have for acknowledgement your letter of June 27 together with a copy of your budget address enclosed therewith.

Please be advised that our officials are now making an exhaustive study of your proposals so that I may be prepared at a later date to discuss same with you.

Yours faithfully,

John Hart.

As I was saying, in this matter the government has abandoned the policy of fiscal need or per capita equality and has proceeded to make deals with the provinces in the best way it could, one by one.

I want to be as brief as I can in this matter, and I wish so far as possible to be helpful to hon. members both on this side and on the opposite side of the house. In this I shall not go back beyond last year, 1946.

As I said, in 1946 the government changed the policy which was set out in the budget brought down by the then minister of finance. That was a policy which said something like this: The provinces may have two choices, one of \$15 a head, and some amplification of it, or 150 per cent of the wartime suspension agreement. If a province takes \$15 a head this may be increased as the population grows and national production increases. If it takes 150 per cent of the war-time payment it cannot be increased.

Under those proposals three provinces agreed—Manitoba, Saskatchewan and New Brunswick. No others did accept. Prince Edward Island came in because there had been a special proposal for it that it would get not less than \$2,000,000, which was two and a half times, or thereabouts, what it had got before. When the government came to discuss the matter with British Columbia, British Columbia said in effect, You are not giving us as much as we got before. We will not take it.

The budget plan was then altered by the government. The government said to British Columbia: You can have the 150 per cent plan, and also the increase arising from increases in population and gross national