

of Ontario. He is more or less attributing to the present bill certain ills which cannot possibly derive from this legislation which is not yet adopted by this house.

Hon. Mr. Roebuck: I shall endeavour to keep my remarks within the limitations that His Honour the Speaker has expressed, but what has happened in Ontario has happened in Canada and we in this house represent the people of Canada. If we cannot discuss the effect of this measure in Ontario, neither can we express it in relation to other provinces.

Hon. Mr. Monette: My honourable friend has been discussing the sales tax imposed in Ontario, which has nothing to do with this legislation.

Hon. Mr. Roebuck: The sales tax in Ontario, according to Mr. Frost and according to those who must agree with my honourable friend opposite, resulted from the failure of the federal Government to supply the provincial Government with what it thought was its right and what the Prime Minister had promised.

Hon. Mr. Macdonald (Brantford): What is wrong with that?

Hon. Mr. Roebuck: What is wrong with that?

The Hon. the Speaker: Honourable senators, my ruling is that this bill as yet has had no effect at all on taxation, whether in Ontario, Quebec or any other province. As a matter of fact, in Quebec we have had a sales tax for the past 12 or 14 years. The bill now before the house has had no effect at all on taxation in any province. I have allowed the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to go as far as I felt he should, but I point out that this bill has had no effect at all on taxation in Ontario. In fact, the measure is not law in Canada yet. Therefore, to discuss the sales tax in Ontario is, I think, not pertinent or relevant at this time.

Hon. Mr. Roebuck: I am not going to argue the merits of this bill with the Speaker of this house. I disagree with his statement, but I shall do what I can to submit to his ruling.

Of course, measures of this kind cast their shadows before them. I submit that we have not satisfied the provinces. We have not satisfied the Government of the province of Ontario, because that Government has been a spending administration and we are not in a position to give them what they require because ours, too, has been a spending administration. At the present moment we are budgeting for a deficit of \$600 million this

year, and this Government since it took office four years ago, has run behind by about \$2½ billion.

I pause to remark, because I do not think this is outside the ruling, that if the Government of the dominion of Canada continues its spending proclivities as in the past four years, in due course we also will pay the piper. Whether or not the Government changes shortly, we will pay the piper for what we have already cast to the winds in the past four years, and if we continue with the policy we have followed in the past, we will pay the piper, just as the people of Ontario are paying the piper in the sales tax imposed in that province.

I now come to another phase of this measure, which I will discuss in order that I may comply as much as possible with the Speaker's ruling. One of the most important features of this bill is the provisions relating to equalization. Not only has the bill, in my judgment, brought about the worsening of dominion-provincial relations, and the disaster of sales taxation in the province of Ontario, as well as dissatisfaction in all the provinces, it has, in addition, weakened the application of the principle of equalization which, in my judgment, is the saving grace in this whole miserable business of subsidies.

A reading of sections 4 and 5 of the bill will tell you little, but according to the experts, men upon whom I can rely, the benefits to the provinces compared with those in the present act are as follows: The bill will lower the amount which the province of Alberta receives under the present arrangement. The bill will give about the same amount to Quebec, Manitoba and Saskatchewan, and it will give a slightly higher amount in the other provinces. Rather than promoting this principle of equalization, all other provinces will lose as compared with the province of Ontario; that is, if you take what the province of Ontario is receiving under this bill and compare it with what is being received by the other provinces, all lose as compared with the province of Ontario, the wealthiest of the lot. I say that this bill is weakening—and perhaps that word is not strong enough—the application of the principle of equalization. The argument with regard to that principle is that the taxpayers of some provinces are more affluent than those of other provinces, and so the federal Government, which is over all the provinces, is supposed to contribute to the poorer provinces at the over all expense in order that the public services in the poorer provinces may approximate those in the richer provinces. I think that is a fair, concise and accurate statement of what we mean when we talk of equalization grants. That sounds a little like the principles of Dick