

bear in mind today, since there is a firm conviction that those local rights and traditions which mean so much to the continuing unity of Canada are being threatened by the course which is being followed by the dominion government, and its repeated refusal to reconvene the dominion-provincial conference.

I am not forgetting it has been said that there is no threat of centralization in the course being followed by the dominion government. The evidence, however, is quite to the contrary. Centralization becomes a reality the moment the provincial governments place themselves in a position where they are not free to exercise their own discretion as to how they do their business, and are not able to finance their own affairs. History must not become our master, but history is a very useful guide. We can best judge the effect of this subsidy system by examining what has been said by those who should know something about it. One of the historic facts which cannot be escaped is that any attempt to centralize authority and make the local governments dependent upon the central government or vice versa—and there have been both tendencies—has always ended in the ruin of the federal system which tried it. That started well over two thousand years ago with the breakdown of the first federation, the Achaean league. There is plenty of evidence of what happens when centralization or dependence of this kind takes place.

I know it has been said over and over again that there was no intention of keeping these tax fields. It will be remembered that the Minister of Finance of that time gave his solemn undertaking that the provinces would have returned these great fields of the income and corporation taxes. Never mind whether some alternative can now be devised; that was the undertaking; and until an alternative is devised by consultation that undertaking should be fulfilled, and it is not being fulfilled. I find the present Minister of Finance (Mr. Abbott) made a statement on January 27, 1947, which indicated quite clearly that he has no thought of ever returning these tax fields to the provinces. He said:

Why not divide the tax fields between the dominion and the provinces and let each raise all its own revenue? The chief objection to following any such plan is based on the inequality existing between the wealth of the various provinces. I doubt if any partition of the tax field could be agreed upon which would be equitable, efficient and adequate for all governments under the great complexity of conditions and needs that exist today.

That statement is in direct opposition to the undertaking of the previous Minister of Finance, who gave his assurance at the time the provinces gave up these taxing powers.

The Address—Mr. Drew

Then may I go back to the early ideas of confederation. George Brown emphasized this very point, that they were going to give the provinces taxing powers. These were his words:

No longer shall we have to complain that one section pays cash while the other spends it. Hereafter they who pay will spend, and those who spend more than they ought will bear the brunt.

That is a simple, blunt statement by one of the early leaders in this country. Another great Liberal leader, Sir Wilfrid Laurier, made this very clear statement:

It is a completely false principle that one government should impose taxes and another government spend the revenue therefrom. This will always lead to extravagance.

Then he went further; and I emphasize that these are not my words, but the words of Sir Wilfrid Laurier describing the very type of subsidy payment that has now been forced upon certain of the provinces of Canada:

Too often this increase of subsidy—

And that is just what we have seen.

—has been nothing on the part of the federal government other than the payment of a note in return for political treachery.

If anyone does not like those words it is too late to criticize the author, but please let me remind him that they are the words of a great leader of the Liberal party who held strong views about the preservation of the federal system. Then I would like to read the words of another leader of the Liberal party whose views have been accepted widely in the statements that have been made. This is what he said in this House of Commons in 1930, in discussing this very idea of subsidy payments:

When on a previous occasion we were discussing this matter of grants from one treasury to another, I said I thought it was an unsound principle; in fact I think I used the expression that it was a vicious principle to have one body to raise the taxes and another body spend the people's moneys thus raised.

Now, that is the second time today I have agreed with the right hon. member for Gengarry (Mr. Mackenzie King), and agreed completely, as to the soundness of the position taken in regard to the dangers of subsidies of this kind instead of giving effective taxing powers to the governments which have to carry on their business.

Today we have a situation in which we are no nearer solution of our constitutional problems than we were several years ago. The acceptance of these arbitrary terms put forward in the House of Commons in June, 1946, did not advance the solution of our constitutional problems or bring about agreement on health, social security and other measures under discussion at that conference. As a