

A short time ago in the House of Commons the Minister of Finance was asked, "What about this? How far will it go? How long will the payments of \$8 million a year be made?" And Mr. Gordon replied, "Indefinitely." What does "indefinitely" mean? It means exactly what this bill says, namely:

In addition to all other payments, grants, subsidies and allowances payable to the Province of Newfoundland, the Minister of Finance may, out of the Consolidated Revenue Fund, pay an annual grant of eight million dollars to that Province in the fiscal year commencing on the 1st day of April, 1967 and in each subsequent fiscal year.

I emphasize the word "may".

So all the fuss and fury that was raised in Newfoundland during the 1959 election campaign and the federal election campaign last year has been brought to naught. In fact, the Diefenbaker Government, in spite of what was said in 1959, did pay that amount of \$8 million while in office, and it more or less promised—this is only more or less—that it would be renewed from year to year unless changed by the two governments. That is all that is here.

I want to point out, now that I have brought you down from the high plane on which we have been flying ever since 11 o'clock, that even prime ministers do not always live up to their promises, and neither do ministers of finance. As I said before, they have their whims. If you do not agree with them, they can say, "No, you are not going to get it this year." That is politics. If the wrong premier gets elected in Newfoundland—or, shall I say, the right one—and the wrong fellow becomes minister of finance at the federal level, then we are going to have trouble getting our \$8 million.

If it were in order—and I know it is not, this being a sort of money bill—I should like to change the word "may" in section 3 to "shall". I cannot move that in amendment, but I want to bring it to the attention of the opposite side of this house that the Government is not living up to the promise that was made by the Prime Minister.

I am not bringing politics into this matter at all. Certainly not. I would not think of it—not in this *sanctum sanctorum*. I would not think of raising politics here, but I want honourable senators to understand that not all prime ministers live up to all their promises. If you do not believe me, then I will mention another promise:

Join O.A.S. Mr. Pearson will carry Canada into the Organization of American States for mutual trade and defense.

That has not happened yet.

Hon. Mr. McCutcheon: Do not criticize him for doing right, though.

Hon. Mr. Hollett: I am criticizing the opposite side for not carrying out its promises. I agree with what the honourable senator has just said. They may be right or wrong. I am not as well versed in high finance as is the honourable Senator McCutcheon, nor am I so well versed in international affairs that I would dare say whether it is right or wrong to join the O.A.S. I do not want to get into the O.A.S. argument. I just want to point out that when I asked the question yesterday—and I only intended to ask the question—the answer that honourable Senator Hayden very kindly gave me was a suggestion that I had an ulterior motive. If to raise that point shows an ulterior motive then, all right, I did have an ulterior motive.

Hon. Allister Grosart: Honourable senators, like the honourable senator who has just spoken, I am neither a constitutional lawyer, a financial expert nor an ex-cabinet minister, and certainly some of the qualifications that come from such backgrounds would appear, on the surface at least, to be necessary for anyone attempting to put forward an opinion on this bill. However, I have been interested in the general subject for a good many years, and I must say that as a layman I do not find myself lost in admiration of the end result of the many years of expertise that have gone into the discussion of the subject matter of this bill.

I would like merely to suggest to this chamber, and perhaps to others who may be dealing with this problem in the future, the questions that, to me, seem naturally to occur to a layman looking at this problem, the first of which would be: Is it necessary that this problem be as complex as it has been made to be?

The bill deals with one area of federal-provincial fiscal relations. Outside that area there are other conditional grants, unconditional grants and other payments. In my estimation I think it is true to say that the essential problem of dividing revenue in accordance with the constitutional powers and responsibilities of the federal Government and the provinces has been fragmented into something like 25 or 30 separate areas of action between the two levels of government concerned.

To take a quick look at that fragmentation we have, first of all, these three areas sometimes known as standard taxes and which are the subject of this bill, namely, personal income tax, corporation tax and succession duties. We also have as unconditional grants: statutory subsidies, certain tax abatements, tax rentals, stabilization payments, 50 per cent share of income tax on power utilities,