

The Budget—Mr. Garson

of the year preceding payment or of 1941 whichever is the greater. This may be set out in the following algebraic form with the preceding year being referred to as 194y:

$$\begin{array}{l} \text{G.N.P. per capita } 194y \\ \hline \times 194y \text{ population} \\ \text{"X"} \times \text{G.N.P. per capita } 1941 \\ \text{subject to a minimum payment.} \\ \text{"X"} \times 194y \text{ population } \left. \begin{array}{l} \text{whichever shall be} \\ \text{or} \\ \text{greater} \end{array} \right\} \\ \text{"X"} \times 1941 \text{ population } \left. \begin{array}{l} \\ \\ \end{array} \right\} \end{array}$$

One can understand that when a proposition with some degree of algebraic obscurity, such as this, was submitted to the conference in its closing days, it was necessary at that late stage to make a calculation of the additional amount actually involved in dollars over and above all previous claims of the province of Ontario, to be paid by the federal government to that province. When the assistants of the Right Hon. Mr. Ilesley, then minister of finance, made an estimate, they figured that at a very minimum this would represent an additional expenditure of \$134 million, that it would likely rise to a much larger figure and that, as I said before, it would amount to \$50 million more than all the pre-war provincial revenues from all sources, including all dominion subsidies.

Mr. Drew: Mr. Ilesley had no difficulty in working out the formula?

Mr. Garson: No. My hon. friend the Leader of the Opposition at that time challenged the accuracy of the figures I have quoted and said they were nonsense. But if I remember rightly—he can correct me if I am wrong in my recollection—I do not believe he at any time ever submitted any actual figures of his own.

Mr. Drew: The minister has asked me to correct him. The minister is well aware that in the discussion that took place at that time the dominion government did not have the facts, as it did not have them last week. We are still trying to get the facts, and that was the reason for the algebraic formula.

Mr. Garson: My hon. friend has made his interjection. I shall deal with it in about three minutes when I come to that point of my argument. I shall deal with it not in terms of one who may have a Liberal bias, as my hon. friend has a Conservative bias, but in terms of competent persons who had no bias in this matter whatsoever. At that time the hon. Leader of the Opposition, as the then premier of Ontario, made this statement concerning this new formula of his. He said:

The government of Ontario has gone the very limit in making agreement possible, and when

I say that it has gone the very limit I mean that it is prepared to make adjustments in detail, but not adjustments in principle or adjustments in regard to the net overriding amount which it receives.

I said in this house in February 1949, on other occasions, and I repeat now, that in my opinion the conference broke up after nine months of negotiation because at that stage Quebec would set no rental whatsoever and because Ontario was demanding rentals which were \$50 million more than the entire amount of all pre-war provincial revenues from all sources.

Mr. Drew: Might I ask the minister, for my information, from what he is reading?

Mr. Garson: I am reading from my own speech of February, 1949, which my hon. friend was attempting to quote and which he quoted inaccurately.

Mr. Drew: I made no reference to that. Mr. Speaker, on a point of order, I made no reference to the contents of any speech at all, and the minister knows it full well.

Mr. Garson: My hon. friend was imputing arguments to me today which I have not made. I am citing this last argument which I made then and which I have made at intervening times, and which I make today and still stand by.

Now, I know that no great purpose is served by post mortems of this sort in regard to a conference which is now some 10 years old. What we should be concerned with, and what we in this government are certainly concerned with, is what we are going to do about reaching a new agreement with the provinces now to meet the needs of 1955. But I think, when a leader of the opposition gets up and in fairly clear language challenges my good faith and my veracity in making this interpretation, that perhaps it might serve the truth if I were to cite, not the views of any Canadian politician nor those of a Canadian, nor those of an amateur or person inexperienced in this field of dominion-provincial relations, but rather the views of two men of wide reputation. One of these men was sent here by his government in Australia, where they have the same kind of problem as we have—the problem of the relations between the federal government and the state governments—to study these proposals which were made by the federal government to the provinces of this country at this 1945 conference, in order to see if he could find in them any material which would be of service in Australia in arriving at wise decisions there in relation to the same kind of problems which they have. This man had