

*Tax Agreements with Provinces*

carry it out. On the contrary, when any argument has been presented that there was some obligation on the part of this government to carry out its solemn undertaking made at the time these agreements were originally entered into, that argument has been branded as an attempt to read this government a lecture on its constitutional obligations. Either the undertaking given by the minister of finance in 1941 was given in good faith or it was not. I prefer to believe it was made in good faith. If it was made in good faith, it has been the obligation of this government at all times to carry out that undertaking and then seek arrangements with the provinces without this club over their heads, and without the suggestion that they were creating difficulties from the point of view of dominion-provincial relations if they did not immediately submit to any proposals put forward.

I am well aware of the fact that there was a dominion-provincial conference in 1945, and that it met on different occasions. I would recall that when the proposals which were ultimately embedded in the agreements of 1947 were put forward, they were not put forward as proposals for discussion. The conference was adjourned on motion of the dominion government in May, 1946. Then in this house the Minister of Finance announced that these were the terms that the provinces would be allowed to accept. It was that or nothing else and, subject to certain subsequent revisions, those became the terms entered into by seven of the nine provinces and later with modifications by eight of the ten provinces after the union with Newfoundland.

It will not serve any useful purpose at this time to oppose the measure now before the house. It is obvious that those provinces which accepted the agreements must continue this arrangement until some other can be made. Nevertheless this is an opportunity to emphasize reasons why steps should be taken to re-examine the whole tax structure of this country in the hope of establishing a position in which the legislative and administrative jurisdiction and responsibilities of the provinces will go hand in hand with the powers of taxation under their own control, which powers should be adequate for the purpose of carrying out the obligations our constitution imposes upon them. One of the difficulties facing those provinces which have entered into the agreements is that since those agreements were originally entered into there has been an increasing concentration of taxation in the hands of the dominion government, to a point where both provincial governments and municipal councils find

themselves with a very limited part of the tax dollar available to them.

This is not a subject I am presenting to this government for the first time, nor is it a subject I alone have drawn to the attention of this government. The government is well aware that at a recent meeting of the mayors' association of Canada one of the main subjects before them for discussion was the difficulty of carrying out their municipal obligations with the limited part of the tax dollar now available to them. Right across Canada the provincial legislatures have been discussing their difficulties in meeting their responsibilities because of the limited portion of the tax dollar available to them. Without giving comparative figures again, may I simply recall that approximately 72 cents of every tax dollar is now paid into the dominion treasury; that 16 cents of every tax dollar is paid to the provincial treasuries, and that 12 cents of every tax dollar is paid to the municipalities. That concentration of taxing power is going on all the time at an accelerating rate. If the present course continues, no matter what agreements may be made the tax dollars will be so greatly absorbed by the dominion government that both the provinces and the municipalities, which have their extremely heavy responsibilities to carry out on behalf of the people, will have great difficulty in fulfilling their tasks without imposing an unduly heavy burden upon the people.

I recall the words of Hon. J. L. Ralston in 1940, when he told the House of Commons that it was the responsibility of the dominion government to recognize the level of taxation in the lower legislative jurisdictions and, in determining what taxes would be imposed here, to have regard to the taxes they were called upon to impose. The reverse is the case today. The dominion government imposes the taxes without regard to what taxes must be imposed elsewhere, and then leaves to the others scramble for what they can obtain.

Either we believe in the federal system or we do not. No one in the House of Commons or outside of it needs to become hysterical or to suggest that we are treading on sacred ground if anyone should assert the proposition that he believes in unitary government in this country. That argument has been made before and it will be made again. There are those who sincerely believe that Canada would be better off with a single government. I must confess that in the conduct of this government at no time have I seen any evidence that they do not believe they can do everything better than anyone else in this country, whether they assert their belief in a unitary government or not. Nevertheless