

## THE SENATE

Thursday, August 13, 1964

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

FEDERAL-PROVINCIAL FISCAL  
REVISION BILL, 1964

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-111, to provide for the revision of certain fiscal arrangements with the provinces and to provide adjustments of fiscal arrangements and taxation provisions consequential upon the provision of youth allowances to parents resident in certain provinces.

**Hon. M. Wallace McCutcheon:** Honourable senators, first I would like to join those who have spoken in this debate in congratulating honourable Senator Hayden for the painstaking and lucid way in which he has gone through what is not an uncomplicated matter. Without wishing to draw any invidious distinctions between my honourable friends opposite, when Senator Hayden or Senator Leonard deal with a financial bill, particularly with one as complicated as this, they remind me of the wise professor who is attempting, and successfully so, to explain and simplify a complicated problem to his class.

Senator Hayden did this to perfection. With what he has said as to the purpose of this bill and with his factual statements, there is little if anything with which I would take issue; nor can I take issue with much of the philosophical statements with which he larded his remarks. He believes in a strong Canada. So do I. He believes Canada is greater than the sum of its parts. So do I. If it were not, then Confederation has failed—and Confederation has not failed, and it will not fail. He believes in the principle of equalization payments. So do I. One may quarrel about the formula, but I think we are all in agreement on the principle.

However, my honourable friend did recognize some dangers which were inherent in what we are doing in this bill. He said, as reported at page 957 of the *Debates of the Senate*:

Having said that—

He was referring to the principle and the philosophy lying behind equalization payments.

—that does not mean that when the provinces say they need more money, we must simply find some way of getting it and giving it to them. There must be a regulator somewhere.

I hope I shall not be accused of going out of context; I do not intend to read the whole passage.

There must be a regulator, and it would seem that a strong, central federal authority must be that regulator; because somewhere we must find a method of limitation, so that if provincial governments propose greater expenditures, it should not mean that the federal authority must accept that and provide the money.

In answer to a question by the Leader of the Opposition, Senator Hayden said, as reported at page 958:

...a strong central government must examine the demands which are made by the provinces.

Whether that would be acceptable to some of the provinces remains to be seen, but it does indicate to me that Senator Hayden—and I am sure there are many other honourable senators who would agree—considers that under certain circumstances our “needs,” to use that much misused word, may sometimes outrun our resources, and that a time comes when it is necessary to equate our needs to our resources and possibly determine priorities. I shall have something more to say about that later, and I shall have more to say about it on other occasions in this chamber.

I want to turn for a moment or two to the specific provisions of the bill. First, let me deal with the abatement of succession duties or estate taxes. I spoke about this when the bill to amend the Estate Tax Act was before this house, and briefly I am going to recapitulate what I said at that time.

It seems to me that the time has now come—and this would be the first step in what Senator Hayden advocates, namely, that the provinces collect their own revenues, accept their own responsibilities and face their own taxpayers, and not have the federal Government running interference for them, I think he said—it seems to me the time has now come, and long since possibly, when the federal Government should step out of the field of succession duties and estate taxes. I refer again to the statement of the Minister of Finance in his budget speech, when he spoke sympathetically of certain representations that had been made to him for relieving amendments to the Estate Tax Act, and he said that he did not feel it proper to act on