

the first major move. During the period since the whole world has undergone considerable change and, as far as settlement of this problem is concerned, it is still on the doorstep of the government. It is still unfinished business. The government is in precisely the same position as it was before it began, save for some minor improvements in the situation which I shall mention.

When the provinces made their submissions to the dominion in 1937 and 1938, and later on the floor of this house in 1941, they, like the dominion, were actuated by what they believed represented the real spirit of confederation. I do not think I shall ever forget the time, almost exactly six years ago, when I sat in this chamber, not in this seat but just over there, the Prime Minister at the end of the table and the representatives of the provinces around it trying to get some action on the report of a commission appointed by this government. It was a strong commission, which made an outstanding report on a vital matter. I need not go into the reasons for the failure of the conference. Perhaps they are fresh in the memory of many. But an equally disastrous failure was witnessed in recent months. Read the letters of Mr. Macdonald of Nova Scotia, Mr. Manning of Alberta, and the others. Important as money considerations are to these provinces, it is the spirit of the fathers of confederation that moved these men to make the protest and the settlement that they have been urging upon the government. It is true the government has made some settlements subject to ratification by parliament and the provincial legislatures. Some provinces have accepted their proposals. Why should they not? Under the wartime tax agreements the provinces of Canada, because they gave up the right to their income and corporation taxes, and because they made other agreements with respect to succession duties, received from this government \$126,000,000 per year. Now they are being offered as a rental for the same tax fields practically \$100,000,000 more, or \$227,000,000. I cannot imagine any province suffering from serious fiscal difficulties not accepting two dollars where they got only one before; and that is substantially what it means. On a straight purchase and barter basis the government is doing a good job, but there are those who think that in doing so it is undermining confederation. There is no use in the government talking to this parliament about its achievements in this field until it has completed the job; and its course of action over the past eighteen months has made completion of the job more difficult.

[Mr. Bracken.]

There are, however, some encouraging features even today. I am not discouraged on the whole over the situation. All the provinces are in agreement in principle on two or three different things. First, they are agreeable to rent their income and corporation taxes to the dominion for a period of five years on terms to be agreed upon. They are agreed that this is a desirable thing to try to do. Second, they are agreed on the principle of fiscal need, which was the main financial principle underlying the Sirois report. I think it is safe to say that there is general agreement on these things. I do not know of any responsible public man who does not accept them in principle; I have not met any such. Third, they are in agreement that there should be a joint dominion-provincial plan—I do not say they have formally agreed, but it was the sense of the meetings that there should be a joint plan—of public investment and social security, a plan which the government has dropped for the time being because it failed to get unanimous approval of its proposals.

It was not on any principle that the conference failed to agree last summer. It adjourned in a bad temper; and here I am not charging anybody with more guilt than anybody else. Bad temper was shown in discussing financial details, amusement taxes, gasoline taxes and electricity taxes. The conference adjourned in a bad temper because the government said in substance, or so it was interpreted, "Take this or leave it". There is criticism of the government for taking that stand as there is criticism of others because they did not accept the modified plans of the government. What have we now? These proposals no doubt were worked out by the government with the advice of the best brains it is possible to obtain in Canada, and I have no doubt the features now abandoned were worked out in cooperation with the best brains in other lands. Proposals of this type designed to maintain high national income and full employment are characteristic of the plans of nearly all the modern democratic states, including the United States, Britain, Canada, Australia and the Scandinavian countries; and the language is very much the same. They were the wisest plans they could work out, and they covered three points: the fiscal relationship of the provinces and the dominion; a security programme including old age pensions, health and other things; and a public investment programme designed to be a help in avoiding or lessening the effects of depression.

Those were the three aspects. When the government failed to get unanimous approval