

Then make the presentation in as balanced a form as possible. When the presentation has been made it should be followed by a statement that will admit quite freely that there have been continual modifications of the Dominion's original proposals; that nothing could better demonstrate the desire of the Dominion to go as far as possible toward meeting the wishes of the provinces.

The Dominion now felt it had gone as far as it possibly could in the light of its obligations. Here set forth what these obligations are in some particulars: re war veterans, social service, interest on public debt, cost of maintenance of army, international relations, etc.

Until agreements are signed there is room for some adjustments, but Dominions must state that any modifications would have to be on the basis of discovering financial equivalents.

The statement should speak of the value which the free discussion in camera had effected. Then take up the immediate situation which was that the Dominion would have to bring its budget in at once. The provinces had to know their position.

There were three alternatives:

First: acceptance of the proposals of the Dominion as now presented.

Second: what would follow a rejection of the Dominion proposals: namely a reversion to taxation in the different fields as existing prior to the war and what that would mean as compared with the Dominion's proposals. Some of the provinces seemed to feel they would be in a worse position than they now are.

Third: something as yet undisclosed might be proposed which would be further considered. This would have to be dealt with immediately.

The statement should then estimate the fact that this is a mere agreement for three years. At the end of that time we would hope that the period of transition would be more or less at an end and probable future more clearly seen. The present arrangement was all within the framework of the B.N.A. Act involving only one possible amendment, but it did not attempt constitutional changes, etc.