

as in many other statutes, imposes a duty on the minister to make payment. In other words, it is the strange situation that at times "may" means "shall," but you do not say "shall" because there are other complications if you do.

Apart from that, I want to say several things in connection with the speech made by Senator McCutcheon. I enjoyed it very much. I thought it was one of the best of the great speeches I have heard him make in this chamber. If he were here I might congratulate him on his acknowledging and accepting so many of the tenets of political economy in this field of provincial and federal relationships that I had put forward. I express the hope, since he has gone far along that road, that sooner or later we might find him accepting them to the full extent of 100 per cent.

I must disagree with him in one further thing. I cannot deprive the honourable senator of his dreams, but I think he was dreaming when he was attempting to find a *quid pro quo* in relation to the increase in the rate of abatement in 1965 and 1966. That may come from reading too many detective stories, or it may be that dreaming produces a nicer result than looking at reality. But, while he was doing this I wonder why he did not apply the same method of reasoning and come up with a *quid pro quo* for the increase of three points in the rate of abatement in 1958, when the Government of that time increased the rate of abatement in relation to individual income tax from 10 per cent to 13 per cent, and then scaled up the rates in succeeding years until 1962 at the rate of one point extra per year.

I would not dare to suggest there was any ulterior motive other than the needs of the provinces and the recognition of the federal Government of that day of its responsibility in this area. That is why the rate of abatement was increased. But, not being a dreamer, possibly I am missing something. If I were a dreamer then perhaps I could find, like my honourable friend Senator McCutcheon, a *quid pro quo*.

I say that there is no *quid pro quo* in relation to these increases, and there was no bargain made in return for the provincial attitude to the Canada Pension Plan. I am ready to recognize the integrity of the Minister of Finance, and to assume that in this connection, whether the increases should have been made or not, having regard to the financial position of the federal treasury, they were made honestly and in recognition of the increasing needs of the provincial authorities.

Having said that I just want to add this one thing further. My friend Senator McCutcheon also felt, because the increase in the

rate of abatement in 1965 and 1966 will require the federal authority in 1965 to pay out an additional \$64 million and in 1966 to pay out an additional \$139 million, that such payments are excessive. But this infection, if I may call it that, of dealing with large sums of money and making these substantial contributions to the provinces is something that has infected political parties and governments for some time. I suggest that those who have not read it should read the speech made by the Leader of the official Opposition in the other place, and the particular part of it that I suggest should be read is found at page 5250 of *Hansard* of the other place. It will there be seen that there seems to be a virtue in increasing provincial payments substantially.

I found, for instance, that unconditional grants which in 1956-57 were of the order of \$552 million were increased so that by 1962-63 they amounted to \$991 million. The conditional grants, which included agriculture, health, hospital insurance, welfare, sickness and amateur sport, in 1957-58 were of the order of about \$145 million and in 1962-63 they were of the order of \$842 million. I am not criticizing those amounts as such. All I am saying is, let us be relative in all things, and let us not lose our sense of proportion.

If these substantial increases between 1958 and 1963 were necessary—and I assume in the circumstances that they were—and the provinces made a useful application of the funds, then for a further increase of \$64 million in 1965 and \$139 million in 1966, why one could swallow a very substantial increase of hundreds of millions of dollars and then strain at what is in relation to those payments a relatively small amount, I find it difficult to accept. I am calling attention to it because I do not think that is the measure for resolving the relationships that we are dealing with between the provincial authority and the federal authority.

If we had all the money in the world federally, I take it we could and would be more generous; but, within limits, the first place where our federal generosity should apply should be in relation to the poor taxpayer. Anything that is exacted beyond the needs of the federal Government and the needs of those provincial governments, which require the assistance of the federal Government, should be abated to the poor taxpayer, although I do not hold any hope that that will happen for a long time.

Honourable senators, there were other things which, if we had time, I might deal with; but I think that if you read the whole debate you will see the pro and con of it.

In closing, I would like to leave this thought in connection with this bill and with the