

of the small bonuses they were given at that time. Indirect taxation had to do almost entirely with customs tariffs.

What has happened in the interval since confederation? In the first place, trade grew and customs duties vastly increased, and the revenue of the dominion from that source expanded. The dominion later adopted the income tax method of raising millions of dollars.

But what has happened to the provinces meanwhile? The governments of the provinces, in return for patronage have given away public resources in a magnificent manner. This is nothing new. In Lord Durham's report we find that the government of that day handed out to its political favourites large sections of the public domain in return for the merest trifles, and in addition almost entirely exempted them from taxation. Since then the same system, though in not quite so extreme a form, has been carried on by all the provinces. Today the natural resources in the hands of the provinces have been reduced to a minimum, and almost the whole of Nature's gifts are in the hands of private owners who object strongly to handing over for public purposes any part of the present value of these gifts, regardless of whether that value was created by themselves or not. Rather than have the unpopular direct levy of a tax upon land values, they prefer to have the taxpayers subjected to indirect taxation by the dominion, which plucks the fowl without it knowing that it is losing its feathers.

That is the realistic view of the situation today. The provinces could raise the necessary revenues by simply taking the value the community has created and applying direct taxation. They would then not need to come to the dominion for hand-outs. The talk of the provinces being bankrupt is all tommyrot, for while any land values remain unabsorbed into the public treasury they cannot be bankrupt.

I believe that we should consider more than anything else the incidence of taxation and the effect of the steps we are taking. We are saddling upon the Dominion of Canada to a large extent the responsibility of supporting both the federal and the provincial governments by means of indirect taxation, such as are employed in the dominion jurisdiction, instead of taking advantage of the direct forms of taxation employed in the provincial jurisdictions.

The honourable member for Churchill (Hon. Mr. Crerar) has said that these arrangements, which have been devised with all our skill, will now have to be revised. I hope that in

providing for taxation, its incidents and results, succeeding generations will have a good deal more wisdom than we have shown. I believe that some wisdom is seeping into the public mind; but at the moment we in this house can do nothing but pass the agreements. We should analyse them as best we can, find out the real truth about them, and wait for a better day.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

The motion was agreed to, the bill was read the third time and passed on division.

CIVIL SERVICE SUPERANNUATION BILL

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the amendments made by the Standing Committee on Civil Service Administration to Bill 415, an Act to amend the Civil Service Superannuation Act.

Hon. ARTHUR MARCOTTE: Honourable senators, the report of the committee on this bill was presented last Friday, and consideration of it has been set over from day to day. The amendments are not important, but as the bill is a government measure I think the honourable leader of the government should make any necessary explanation.

Hon. Mr. ROBERTSON: Honourable senators, I would move that these amendments be concurred in.

The motion was agreed to.

MOTION FOR THIRD READING

The Hon. the SPEAKER: Honourable senators, when shall the bill be read the third time?

Hon. Mr. ROBERTSON: Now.

Hon. A. W. ROEBUCK: Honourable senators, on the motion for third reading I would move in amendment

That the bill be not now read a third time, but that it be committed to a committee of the whole presently.

Hon. Mr. HAIG: What is the object? Explain the amendment.

Hon. Mr. ROEBUCK: Perhaps I may say a word or two in explanation of the amendment and the purpose of it. In the committee's