

the year on his individual income tax otherwise payable.

The only comment I wish to make on these changes which lead to the provision of more money is that I think there is an increasing interdependence between provincial operations and federal operations, and that the condition of the people, the state of the finances in a province, and the development of the provinces, are factors that may adversely or beneficially affect the national image of Canada and its prosperity; therefore, in an increasing way, the Canadian authority is going to have either to make available to the provinces opportunities in taxation fields or make payments. I favour the method which would require the provinces, within the limits of their capacity to tax, to impose their own taxes. However, I also say that we have provinces in Canada, even if they impose taxation, that could not hope to realize from the taxation sources that are available in the province an amount that would put them on the same basis that the equalization payments would do; therefore, for those provinces there will have to be some sort of supplementary contributions to establish what I believe should be a proper level of income for them.

Canada is a Confederation, and surely to have a Confederation does not mean that the rich provinces are to become richer and the poor ones become poorer. In the long run, that would affect the national image. It is of no use to fool ourselves about that. At some stage or other, the federal authority or other provinces will have to combine to help those that are not so well off. Otherwise, it would mean migration to the provinces with more wealth or means. We cannot dodge the question. Eventually the situation must be faced, that while Confederation subsists there must be found some method by which the various units representing the provinces in Canada are treated on at least a per capita basis of equality in the availability of income to provide the services needed, because failure to do so and to enable them to meet their requirements under the Constitution would provoke worse problems than finding money.

Do not take that to mean, honourable senators, that I am subscribing to the method which so far has been followed from 1956 to 1961, with variations now proposed, with the object of finding more money, as being the solution of these problems or that now we have finally found the answer. Frankly, I do not agree that what we have now is the best answer. In fact, I do not know at the moment what the best answer is. I have suggested one change, but we are going to have

to keep on experimenting, working with various methods, to see where the answer lies. If the duty of a province is simply to levy such taxes as it needs to provide services which it must furnish to its people under the Constitution, and to pay such taxes as the federal authority imposes in the national interest, and its duty stops there, and it has no duty to make contributions greater than an interest in maintaining a reasonable equality in the conditions under which the people in the various provinces live, then I am sorry that I cannot subscribe to that philosophy, because I believe too much in the entity called Canada. I recognize the diversities that exist, but I would rather have them than uniformity in the various provinces and their people. I welcome the individuality of the provinces, and would rather have that than isolation and uniformity.

If we are going to have and to maintain this kind of philosophy of Canada—and notwithstanding all the criticism, we have done pretty well over the years—there will have to be something more than for the wealthier provinces to say, "We are going to pay our own way provincially and federally, and the other provinces can look after themselves." The provinces are too much interdependent for any province to take that kind of stand. The national image of Canada is more important and far greater than the sum total of the ten provinces, and that is something essential we must preserve.

Having said that, 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. Where to find it, I do not know. However, I have a suggestion to offer. I think within limits, the regulator must be a strong federal authority, and that regulator would exercise some discernment in relation to the proposed provincial expenditures to be put forward as a basis for getting more money or having more income available to the provinces.

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.

There must be some correlation. Where that is at the moment I do not know, other than to say that somewhere within the federal authority correlation should exist so that you know that demands upon the provinces which they say are beyond their capacity to meet concern services that are essential and that