

The Address—Mr. Fulton

Here is what is happening in British Columbia. I wish to quote from the speech of the premier of British Columbia at the opening of the legislature of that province in March of 1948. The Kamloops *Sentinel* of March 10 of that year summarizes Premier Johnson's speech in part as follows:

Existing tax agreements between dominion and province cannot be considered fair unless social security proposals outlined in green book are put into effect.

He instances some of the burdens thrown on the province of British Columbia by failure of the dominion government to implement its proposals.

In this same article he is reported as having said:

Of 2079 old age pension cases assumed in the past five months, 423 or 20 per cent are from other provinces and not really British Columbia cases in the true sense.

At another point Premier Johnson said:

The dominion government has yet to assume full responsibility for unemployment.

Then he pointed out that, while the dominion was collecting enormous revenues within the province and was repaying only a very small proportion of what it collected, his government had urged that the dominion bear a larger share of old age pensions, institute compulsory contributory superannuation, give financial assistance in the cost of hospitals and implement a system of health insurance.

That matter was followed up, Mr. Speaker, by the budget speech delivered in the British Columbia legislature this year by the Minister of Finance. He pointed out that, as a result of the failure of the federal government to implement its undertaking at the time the tax agreements were first negotiated, the province had to impose a sales tax of 3 per cent on retail sales. This interesting fact was also pointed out by Mr. Anscorb, according to the *Vancouver Sun* of February 26:

British Columbia will receive from Ottawa 24.2 million dollars in the fiscal year 1949-50 as rent for its personal income, corporation and succession duties. British Columbia will give its own municipalities 21.9 million dollars in the same year. The difference available for provincial services is only 2.3 million dollars.

By the time the province has enabled the municipalities to carry out their responsibilities for social services, only \$2.3 million remains out of the grant received from the dominion government, and the dominion government has not assumed the share of social security costs which it undertook to assume when the agreement was made.

The editorial continues:

Mr. Anscorb referred to the fact that the province either had to impose the sales tax or give up its social security program. To avoid giving up this social security program, British Columbia is raising

\$18 million annually by levying a tax on retail purchases. Mr. Anscorb also observed that the time is long past due for the implementation of the implied federal responsibilities upon which the tax agreement was predicated. The delay would be understandable if the federal government were financially embarrassed, but the postponement of action with the enormous revenue surplus materializing is beyond understanding.

We have only to remember that this year the federal government has a surplus of over \$600 million for the first nine months, and then to realize that the provinces, like British Columbia, with increasing costs for social security, are driven to impose sales taxes to meet their obligations, to see the results of this deliberate program by the dominion government of centralizing financial power.

One sometimes hears it said even in my province, Mr. Speaker, when we criticize the federal government for failure to implement the social security program, that it is due to the fact that Ontario and Quebec have not signed tax agreements. This is the excuse offered by the Liberals. Let us examine that argument for a moment. Dominion-provincial financial relations at present are as follows: As a result of the agreement made with British Columbia, Ottawa collects from the taxpayers in that province approximately \$144 million in the form of personal and corporation income taxes and succession duties. Under the agreement the dominion government pays British Columbia approximately \$20 million, or one for seven to what they collect. At the moment the dominion government collects, from the same fields of personal income and corporation taxes in Ontario and Quebec, \$674 million. This is based on a return to a question I asked last year. The dominion government does not pay Ontario or Quebec any subsidy, as would have been the case if those provinces had signed the agreement. On the basis of that return, if those two provinces had signed the agreement, they would be entitled to a subsidy of \$143 million per year between them. The dominion government collects \$674 million within those provinces, and it is \$143 million per year better off because those provinces have not signed the agreement. To use the fact that Ontario and Quebec have not signed as an argument for not implementing the social security promises to British Columbia is plain unadulterated nonsense and my Liberal friends here and at home know it. They know they are trying to mislead the public when they give that as an excuse for the failure to implement the promise as demanded by the government of British Columbia.

Let me give you one other result, Mr. Speaker, of this sort of method of bleeding the provinces. The taxing power is concen-