

I congratulate Senator Hayden on his wonderful presentation. I liked his speech today much better than on previous occasions, for I detected at least a softness of heart towards the have-not provinces which require additional revenues.

I also wish to congratulate Senator Flynn. I think he brought out some excellent points from the standpoint of the provinces which need additional revenue, and which evidently have the natural resources from which to realize those revenues.

My brief remarks will be from the standpoint of the have-not provinces, just to remind honourable senators and to emphasize some of the reasons why it is necessary to have these equalization grants.

We realize, of course, that the equalization grants or payments represent an attempt to equalize the level and quality of provincial government services throughout the nation. It is a recognition of the principle that all Canadians, regardless of geography, should have access to similar levels of educational, social, health and other services. To achieve this objective, the income of the people who reside in the various provinces must be taken into consideration.

The average income per capita of the people of the Atlantic provinces is less than two-thirds of that of the nation, and in recent years has been growing at about one-half of the national rate. Consequently, if a provincial government is to maintain these services on the national level, the incidence of taxation in any field must be heavier than in a province where the average per capita income is at, or above, the national level.

In addition to that, an equitable distribution of national revenue is justified. The fact is that many of our national commercial enterprises—our large corporations, such as banks—pay income tax in the province where the head office happens to be, which in the majority of cases is in the large centres of Toronto and Montreal, while their income is earned from every province of Canada.

I would remind honourable senators that the people of the Atlantic provinces provide a most important market for the goods produced in industrial Quebec and Ontario. Much of the family budget is spent on goods which come from those provinces, and while we do not share in their industrial prosperity and the employment opportunities which these industries offer, we make a very siz-

able contribution to the cost of keeping these industries profitable, through tariff protection.

May I mention just one class of many items of which the Atlantic provinces are large purchasers, namely, automobiles, tractors and motors. Only recently I happened to admire a beautiful car of standard make, parked along with some others at one of the golf clubs in our province. I discovered that the car was American built, and learned from the owner, who happened to come along, that he had purchased it in Boston. Another car of the same make was standing nearby. A comparison of the prices paid for the two cars, one American and the other Canadian, revealed the fact that the American car had cost \$3,400, while the Canadian purchaser informed me that his car cost him \$4,700.

There may be some reasons for such a wide difference in price; but the fact is that on the 46,000 automobiles which are purchased each year by citizens of the Atlantic provinces, the duty and tax amounts to a large sum of money on that one item alone. Of course I could mention many other similar items.

This is just one reason why we of the Maritime provinces, Senator O'Leary, are magnificent examples of "co-operative federalism," for we do co-operate, and we have learned the cost of being good Canadians. In other words, we are paying a good price for the privilege of being Canadian citizens. We do not object to that at all, but we want to remind you that it is a costly business. We have also discovered since Confederation that water will not run up hill.

Hon. Mr. Connolly (Ottawa West): Even in New Brunswick?

Hon. Mr. Leonard: What about the Reversing Falls?

Hon. Mr. Burchill: Since Confederation trade with industrial Canada has been a one-way street. Everything comes from the industrial provinces down to the Maritime provinces; very little goes the other way.

I think these things should be emphasized when we are discussing the value and importance of equalization payments. I agree with the previous speakers who said that perhaps this legislation is among the most important that has come before Parliament. I think it has a far-reaching effect on the future history of this country, and the Senate