

Hon. ARTHUR W. ROEBUCK: Honourable senators, I want to compliment the honourable senator from Churchill (Hon. Mr. Crerar) upon his excellent speech. I have no intention of making extended remarks at this time, but there are one or two observations which I think may be worth while. Each one has his own slant on big problems of this kind. I entirely agree with what was said by the honourable leader of the opposition (Hon. Mr. Haig) about the vicious system of one jurisdiction raising taxes and another jurisdiction expending them. The honourable gentleman says he was quoting a statement made by the Prime Minister, Mr. King, but it by no means originated with the Prime Minister: it has been stated frequently over the years. Some years ago I myself published an article in which I said that we should let every tub stand on its own bottom. I repeat that sentiment now as being most applicable to these agreements.

Hon. Mr. LESAGE: Was it after the war that the Prime Minister made the statement?

Hon. Mr. ROEBUCK: According to the honourable leader of the opposition (Hon. Mr. Haig) the statement was first made by the Prime Minister in 1929; but, as I say, it has been made at various times over the years. It is in line with one of the first thoughts that would strike one's mind when a system such as underlies these agreements is proposed. It is not so much that the system makes for extravagance in the jurisdiction that spends, but it is bad in principle. It is all wrong, it is cock-eyed, for one jurisdiction to raise taxes and another to spend them, and that system is bound to work badly and bring about evil results.

Hon. Mr. DUFFUS: Do municipal school boards not follow that principle?

Hon. Mr. NICOL: Not in Quebec.

Hon. Mr. ROEBUCK: In Ontario the school boards assume the responsibility of raising taxes from the very people who vote members of the board into office.

Hon. Mr. ROBERTSON: Do the boards get a subsidy from the province?

Hon. Mr. ROEBUCK: Yes, and that may be wrong.

Hon. Mr. LESAGE: Does your premier follow the principle you are advocating? Has he not raised gasoline taxes lately?

Hon. Mr. ROEBUCK: The premier of Ontario?

Hon. Mr. LESAGE: Yes.

Hon. Mr. ROEBUCK: Please do not call him my premier.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. ROEBUCK: I suppose it is very difficult to hew consistently to the line of general principles. No doubt the raising of money from the province at large and giving it to local school boards to expend is a system that has its evil features. It probably would be better if each board were able to raise enough money to carry on its own work; but of course we run into the same situation among school boards that we do among provinces: some boards could not raise enough money to educate the children resident within their localities, and in those cases it is necessary that contributions be made from other sources. You cannot always hew strictly to the line, but nevertheless the principle stands that, as I expressed it, it is wise to let every tub stand on its own bottom.

But there is something more to this general picture than just a broad statement of general principle, and I should like to call attention to two phases in particular. First, there is the matter which the honourable leader of the opposition (Hon. Mr. Haig) stressed. This business of raising money out of the general taxes of Canada and distributing it in varying amounts to different provinces means that one locality pays while another locality spends; that each province does not get just what it pays; and so some provinces lean on others, and we have the struggle which has been described, and the spectacle of one part of the country trying to grab something from another.

The taxation methods employed by the provinces are not the same as those used by the dominion. This difference is very important. At the time of Confederation it was arranged that the provinces should raise money for local purposes by direct taxation, which meant such means as the poll tax. Income tax was not considered; when the legislators talked of direct taxation they had in mind the raising of money from the natural resources of the provinces. The form of taxation assigned to municipalities was a levy on real estate. This consisted of two divisions: first, a levy upon the house, which is constructed by human hands; and second, a levy on the land valuation created by the community. Another source of public revenue visualized by the Fathers of Confederation was the vast tracts of the then unappropriated farming, mining and lumbering areas. They saw this as a source of revenue sufficient to enable the provinces to carry on with the aid