

government needs to know what measures will have to be taken to prevent the onslaughts of another period of depression.

While the survey is being made, the government should secure accurate information about the distribution of holdings of government securities. The results will be surprising, I will guarantee that, and the facts adduced from the survey will doubtless show that the payment of the huge interest on our national debt is largely a transfer of payments from the majority group in the bottom eighty-five per cent of Canadians to a much smaller group in the top ten or fifteen per cent. In other words, I feel sure that our bond debt financing methods have not only resulted in a tax load of almost unbearable proportions, but also created a small but powerful creditor class in Canada. Both of these results are to be regretted. But if the people of Canada are ever to have the situation corrected they must forget allegiance to political parties for a time and unite in one great concerted demand that taxes be sharply and progressively lowered, beginning at once, and that ways and means be worked out immediately to establish every Canadian in his own rights as a good customer for the things which Canada can produce.

I turn now to the government's modified tax transfer proposals to the provinces. To me it is most regrettable that the dominion-provincial conference should not have been called again to consider the modified proposals before they were announced to the world in the budget address. The ethical position of the senior government would have been improved vastly had an attempt been made to reach agreement of the modified proposals before the budget was brought down. Since the government did not do this, it cannot escape the charge that it has resorted to force, whether that charge is well founded or not. The minister was careful to point out that "acceptance of the proposals is wholly optional", but a careful examination of the alternatives to acceptance leads me to believe that few provinces can find it possible to refuse the minister's offer.

A cursory appraisal of the value to the provinces of the minister's proposals, and the figures which he gave showing the benefits to be gained by the acceptance of the proposal would lead one to believe that the provinces should be quick to accept. Indeed that is what the government would like. But it must be remembered that conditions have changed materially since the wartime tax transfer agreements were made, and therefore the government's figure showing advantages to the provinces of acceptance of the new offer is out of date. Since the ultimate comparative value—say five years from now—to any prov-

ince is not immediately ascertainable, the provinces will probably do considerable research and balancing of values before indicating their acceptance or rejection of the offer.

I am in agreement with the minister that the budget problems which will shortly face the nine provinces must be solved, and that too, if we are to build a strong and united Canada. A system of adequate, automatic payments, objectively determined, made in return for the rental of an asset is, in my judgment, superior to a system of hand-outs negotiated bilaterally. In recent years we have seen something of the evils, the weaknesses and the abuses of the latter practice. It seems to me much more sensible to adopt the automatic payment principle contained in the minister's proposal to the provinces, but I submit that we should make positively certain of three things: first, that the objective formula for determining the size of the payment to the provinces makes adequate allowance for proper increases in subsidy as time and developments bring greater needs; second, that payments to the provinces include, over and above the \$15 per capita set out in the modified proposal, a sum sufficient to allow the provinces themselves to extend to their citizens the same or greater old age pension benefits as were envisioned in the original offer to the provinces. Just as many taxes are involved in the new deal as in the original, hence this will certainly be possible; third, that every effort be made to reach agreement with the provinces as the result of consultation with them. It does not tend toward unity in Canada to have the provinces feel that something is being surreptitiously imposed upon them. In fairness to the minister, I must say that whoever may have been responsible for the failure of the conference—and certainly I am not trying to assess that responsibility myself—in building this budget he faced a situation that did call for unusual action.

A good many more things in the budget are of such importance that I should like to state my views on them, but the forty-minute rule does not permit me to do so and I am not going to ask for an extension of time. Therefore my colleagues of this group will deal adequately with these things so that there may be no doubt whatever as to just where we stand with regard to every important matter covered by the minister in his address and in the budget papers.

But allow me to say two things by way of concluding this effort. I sincerely recommend to the government that legislation be enacted