

*The Address—Mr. Drew*

I put forward in my official capacity at that time. I was also extremely surprised to find the suggestion made that we had in any way made the continuance of the conference difficult, because those who have not taken the trouble to do so—and it is obvious that a great many hon. members have not—should read the record of those proceedings. If they do they will find that when the various proposals had been put forward, and the various criticisms had been directed to certain features of the dominion proposals and alternative suggestions had been made, the Minister of Finance at that time, who was at the conference, then said it would be necessary for the dominion government to examine all the proposals before it, that it would need more time, and therefore moved the adjournment of the conference *sine die*.

The interesting thing is that it was the premier of Nova Scotia, Mr. Macdonald, who said, just before the motion was put:

I take it that Mr. Ilsley is not suggesting that there will not be another conference.

And, in the absence of anything to suggest the contrary, we all accepted the motion in the belief that we would be meeting again; and there was no reason to suppose for a moment that we would not be meeting again, because the stated purpose of the adjournment was to consider the various proposals which had been put forward.

It was therefore with very considerable surprise, and I may say indignation, that I learned on June 27, 1946, that the Minister of Finance had placed financial proposals before the House of Commons without notifying any provincial premier, except of course those closely associated with him, that there was any thought of the conference not proceeding as had been intended. At that time, without any relationship to the other subjects we were discussing and the constitutional problems which are vital, and which must be solved if we are to have a workable form of government under our federal system today, those proposals were put forward as a statement of what the provinces could get if they gave up their major taxing powers. No conference, no discussion, but here is what you get. It is not for me to say what anyone else should do in that respect, but the explanation that was given is one that is worth repeating in putting the record clear.

In explaining why they were following this course the Minister of Finance at that time made a statement on the matter, as reported at page 2908 of *Hansard*:

Ontario, it is true, did offer a proposal which was an alternative to the dominion proposals, but it was not until the closing hours of the conference that the financial implications of that proposal were

revealed. These involved so large a net increase in total cost to the dominion as to put the proposal beyond the possibility of responsible consideration.

That was the explanation. The truth is that by the steady process of attrition, and by the steady demands of one province after another, most of the things that the Ontario government proposed at that time were actually done bit by bit. The government weakened in order to appease its friends. I do not suppose that any hon. members have forgotten that when the terms with British Columbia were announced there was an immediate and very vigorous outburst by the premier of New Brunswick, who indicated that he regarded this as an extremely unfair deal for New Brunswick, and then of course New Brunswick had to get similarly fair treatment; and so it has gone on by a steady process of putting a little more into the ante to sweeten it for all those who have to try to explain to their own constituents just why they accepted these agreements.

The fact is that there had been a very narrow field of difference between the governments at the time the meeting adjourned. The real barrier which existed was not a barrier on the basis of the money involved. The barrier was the determination of the dominion government to acquire centralized financial power through the proposed agreements, upon terms which would have made all provincial governments mere annuitants depending upon the dominion treasury. No other explanation is possible.

An examination of our proposals—and I hope that some of those who have been making such loose statements will really take the time to examine them before making some of the statements they do make—will show that in many ways the dominion government would have been much better off in accepting the proposals then put forward by Ontario and other provinces; and the people of Canada would have been much better off because the proposals put forward by the provinces would have ended the double taxation which the dominion government insisted upon retaining at that time. Some of these double taxes have since been reduced. It was quite interesting to see that what seemed to be quite irresponsible to the Minister of Finance in June, 1946, became the height of responsibility at some later date, at a time when some provincial governments were not finding the results too satisfactory.

To read many of the statements that have been made, one would think that the only objections which had been presented to the proposals put forward by the dominion government, or the only counter proposals, were