

*The Address—Mr. Drew*

which does operate under a unitary system, the fact remains that in this country there are special reasons why we must respect, in all its integrity, the federal system which was defined for this country by the British North America Act in 1867. Surely no one will argue today that the unity of this country within the boundary of one nation would ever have occurred if it had not been that there was the absolute assurance of the preservation of the local rights and customs in the different provinces of Canada, and particularly in the province of Quebec.

Again I emphasize that none of these views is being expressed for the first time today. The fact that they have been repeated so often, however, merely emphasizes the need for immediate action by this government to carry out the promise it made in 1942. Ten years have passed since that unqualified promise was given. This is what I said as the premier of Ontario, speaking to the elected representatives of the people of Ontario in the legislature of that province on April 1, 1947, as reported in the *Hansard* records of that day:

There are good reasons why the province of Quebec attaches special importance to the provisions of the British North America Act and is less likely to accept substantial changes which are made without the consent of that province and without adequate compensating protection, if any of their established rights are to be diminished. With good reason Quebec looks to the British North America Act as their guarantee of their own civil law, of their customs, of their language and religion . . .

I would recall that those are words spoken in the Ontario legislature considerably over five years ago.

May I point out that the premier of Quebec is not alone in expressing his concern about centralized power in Canada. The premier of Nova Scotia, the premier of Ontario and premiers of other provinces have also warned that, unless we change our course, we are in danger of drifting into a unitary state.

I hope I need not emphasize that this is no mere academic discussion of our constitution. The rapidly increasing trend toward centralization of taxing powers has greatly weakened the position of the provincial and municipal governments. In 1939 from every tax dollar, collected at all levels of government, the dominion government took 51 per cent, the provincial governments 19 per cent and the municipal governments 30 per cent. But last year the dominion government took 77 per cent, leaving for the provincial governments 12 per cent and the municipal governments 11 per cent.

It will be seen that while in 1939 municipal governments collected 30 per cent as compared with 19 per cent collected by provincial

governments, they are now able to collect only 11 per cent as compared with 12 per cent by provincial governments.

It is a recognized fact that there is some point beyond which no taxing authority can go, no matter what the demands for services may be. When the dominion government arbitrarily invades the field of over-all taxation to the extent of 77 per cent, leaving only 23 per cent to be divided between the provincial and municipal governments, then those governments are not in a position to act independently and to carry out their increasing responsibilities. That is particularly true today of the municipal governments.

Above every other obligation, that applies to education and health services. Most municipalities are today in a very critical financial position because of the rapidly increasing demand for educational and health services, which are the most important requirements of our society.

It can be properly said that municipal government is the very bedrock of our democracy. Nevertheless, the position of our municipalities seems to be receiving little consideration from the dominion government at this time, in some surprising respects.

Not only are the municipal governments deprived of revenues adequate for their responsibilities because of the encroachment of the dominion government in all fields of taxation, but they are also being penalized in other ways which add greatly to their burdens. Just as an example, may I remind the members of this house that the municipalities must pay the dominion sales tax on all the equipment they purchase, although the provincial governments do not pay this tax. I must say I find it difficult to see where the distinction lies. What is even more significant, however, is that in the case of civil defence, which many of us believe is the responsibility of the dominion government in any event, municipal governments, which have been called upon to buy special equipment for civil defence, such as fire equipment, hose couplings, stirrup pumps, and things of that kind, not only pay for something that is part of our general defence program, but they must also pay a dominion sales tax on those purchases.

For the reasons I have presented I do believe there is nothing more urgently demanding action by this government than the re-allocation of clearly defined sources of revenue for the provincial and municipal governments, which will restore the real authority of the provincial governments and enable the municipalities to meet their increasing obligations without imposing crippling taxes on those whom they service.