

*Newfoundland*

alone. Therefore if there are any changes in the minds of hon. members, there is no reason why those proposals should not be put forward, by way of argument, by way of amendment, or otherwise within the rules of the house.

But in this case it must be remembered that the government, acting on behalf of Canada, has signed a draft agreement which is now before us as an appendix to this bill. The same draft agreement has been signed by those who were called upon to represent Newfoundland, no matter what their status may have been. Therefore, the house must recognize that if the terms of union are to proceed they must of necessity proceed upon the basis of the draft agreement which has been presented if there is to be concurrence within the terms of that agreement.

The principle involved is to agree or not to agree to proceed with the terms of union along the lines of this draft agreement, but the support of this bill which brings such draft agreement into effect for the purpose of completing the confederation cannot be regarded as approval of every term of that draft agreement.

As I pointed out to the Prime Minister yesterday, there is real objection to the inclusion in an agreement of this kind of a provision which, on the one hand, permits a province to do a particular thing and to carry out a particular type of production and, at the same time, places a limitation upon the sale of that product in other parts of Canada. It matters not that the particular provision may have no practical effect now that the decision of the supreme court has been given in regard to the constitutional authority of the parliament of Canada to place restrictions on the manufacture and sale of oleomargarine. The fact remains that imbedded in this agreement is a principle which, if it were accepted as one which could apply to other types of production within Canada, would produce very unsatisfactory results. It could, in fact, produce the very thing that confederation was intended to bring to an end; that is, any form of trade barrier between the provincial areas within Canada.

For that reason I think this particular provision might well be made the subject of discussion between the government of Canada and the representatives of Newfoundland, with the idea of deleting it so that a principle which may have very serious consequences in some other case might not be established as a precedent which would be contrary to the practice that has been so carefully followed ever since confederation. I strongly urge the Prime Minister (Mr. St. Laurent) to take this suggestion into consideration, because it would seem to me that there is no reason why the dominion government on the

one hand should wish to put forward any special provision for one province, and on the other hand impose a restriction in relation to that particular provision.

I should like to point out also that in relation to the financial arrangements there is a restriction which does not apply to any other province. As I pointed out yesterday, there is a specific undertaking that, even though new financial arrangements are made with other provinces, that is not to be taken as a ground for any claim by Newfoundland for similar consideration by way of adjustment of their position. Again, it seems to me, that is imposing a particular restriction on a single province, which is not consistent with the uniform type of arrangements which have applied to the other provinces of Canada.

As will be recalled, this provision is not something which can have only a theoretical importance. It is related to events which actually occurred in regard to the adjustment of financial arrangements with other provinces during the past two years. When the then minister of finance, Mr. Ilsley, announced in this house in 1946 the terms the dominion government would put before the provinces as the alternative to the retention by the provinces of their major taxing powers, no provision was made for any changes to follow. But very shortly after those proposals, or I should say those arbitrary terms, had been stated in this house, negotiations took place between the dominion government and different provincial governments. As the result of arguments advanced by one provincial government, some changes were made; and those changes were passed on to the other provinces. Then certain very advantageous terms were placed before British Columbia. I am not suggesting that those terms were not quite properly demanded by that province, because British Columbia has found even the present terms inadequate. Nevertheless there was an immediate demand from the premier of New Brunswick and other premiers that they should receive equally favourable terms, and so the bidding and the consequent adjustment went on. It was a form of horse trading between governments, such as had been anticipated by Sir Wilfrid Laurier so many years ago when he condemned this very practice in such vigorous terms, saying that such arrangements usually were merely the payment of a note given in return for political treachery. I remind hon. members that those are the words of Sir Wilfrid Laurier, not mine; but this type of horse trading over the subsidies that should be paid in return for taxing powers has produced precisely the result anticipated so many years ago by Sir Wilfrid Laurier.