

\$700 million from the people of that province alone on account of income and corporation taxes, and yet in return for the complete withdrawal not only from these fields, but also succession duties, the Dominion government now proposed to pay to the Government of Ontario \$64 million. Premier Duplessis of Quebec also spoke strongly against the Dominion government plan, and described it as "the scuttling of confederation". MacDonald of Nova Scotia pointed out that the provinces were left with "great and growing obligations" to their people, but to meet them the only exclusive fields of taxation proposed to be left to the provinces are real estate and automobiles in the hands of their owners. He expressed the view that the provinces had made a bad bargain in confederation. He predicted, and these are his words, that "Provincial autonomy will be gone, provincial independence will vanish, provincial dignity will disappear, provincial governments will become mere annuitants of Ottawa, provincial public life — and I do not think these words are too strong — will be debased and degraded". Premier McNair of New Brunswick spoke like MacDonald of Nova Scotia against the proposals. Premier Garson of Manitoba in his address made remarks which show only too clearly the differences between the provinces, particularly between the provinces of Ontario and Québec and the comparatively poor provinces, as did also Premier Hart of British Columbia. Premier Jones said that PEI had entered confederation upon the understanding that it would receive from the federal government such subsidies as would enable it to carry on the public services allotted to the provincial government without resorting to direct taxation. "The subsidies paid in the past to Prince Edward Island", he said, "and the amount now offered are totally inadequate." Premier Douglas of Saskatchewan expressed great disappointment over the Dominion government's proposals and stressed the need for an emergency grant to meet such crises as drought, crop failure and agriculture relief. Premier Manning of Alberta stated that the proposals failed to meet the conditions which his government thought necessary for a remedy.

The conference then adjourned until May 1, 1946, and then the Minister of Finance, next day, in a speech which lasted for 1 3/4 hours, stressed

that in spite of the objections raised by the nine provincial premiers, the Dominion government would stand firm and had no intention of modifying the proposals. I would ask you to look at your Grey Book again, and see what Premier King says about the proposals: "it is the best we can offer". His speech only served to increase the anger of the premiers, and particularly so of those of Ontario and Quebec. Said Mr. Duplessis, "If the Ottawa proposals are in the nature of a 'take it or leave it', I will leave it and take my train back to Quebec." You will find that he did do that. Premiers MacDonald, Manning and Douglas also spoke that day, as also did Premier Drew of Ontario; and when the conference adjourned, the word "failure" could be written across the whole proceedings. Manning attacked what he called "the uncompromising rigidity" of the Dominion government. Their attitude, he said, was "indefensible" and he laid the responsibility for failure on the doorstep of the Dominion government. Drew of Ontario complained, as had Duplessis, of the 'take it or leave it' attitude of the Canadian government. He commended to Finance Minister Ilsley the careful reading "of a book called *Mein Kampf*." He said he would find there clearly set out the formula that the authority of small individual states ought to be diminished and their power invested in a central government. Mr. Ilsley, he said, had spoken of a "heavy obligation" involved in carrying health insurance, baby bonuses and old age pensions, *but it happens, he said, that there were to be financed by new levies upon the taxpayers*. He, Mr. Drew, was certainly opposed to double taxation in any and every field. Subsidies, repeated Mr. Duplessis, cannot compensate for permanent rights. Centralisation gave birth to bureaucracy, and bureaucracy was the enemy of democracy.

The rest of that day, sir, was spent in a wrangling spirit of angry speechmaking, something like we get here sometimes, and the sitting adjourned until next morning, May 3, when Mr. Ilsley endeavoured to show how utterly impossible for the Dominion was the counter-proposal of the Ontario premier.

More speeches in the same tone as on the day before were made. "Ontario has gone the limit", said Drew. Duplessis said, "Dominion proposals were not acceptable to Quebec." He again quoted Sir Wilfred Laurier as saying that, "A policy of