

of responsible government that the provinces should raise their own revenues by their own tax laws, and not have to depend on handouts from the Dominion government.

Premier Jones painted a gloomy picture of his province. "Prince Edward Island", he said, "had not sought to enter into confederation. It was Canada that had sought to bring PEI into confederation. At that time they were relatively well-off. That had now changed, and they had gradually been reduced to a rather unprosperous state."

Premier Manning of Alberta wanted a definite understanding about respective fields of Dominion and provincial jurisdiction, a fair and equal adjustment of such burdens as freight rates and tariffs, a settlement of taxation and monetary issues in which Dominion policy has an adverse effect on the provinces. He reviewed the fiscal experience of the province from confederation until their situation became acute with the depression of 1930.

And so it was in this spirit that the Dominion proposals were formally placed before the conference. The proposals of the Dominion government were in three sections:

1. There was an outline of the philosophy with which they proposed to attack Canada's post-war problems.

2. There was a summary of the plans which the government hoped to adopt for an orderly transition from war to peace.

3. This consisted of the actual proposals for the post-war years. It was this third section of the Dominion proposals which the provincial premiers generally would have none of. It offered substantial grants to each of the provinces, on condition that they withdrew completely from the fields of personal and corporation income taxes and succession duties, leaving these taxes solely for collection by the Dominion government. In return the Dominion government offered:

1. A public investment policy whereby the central government would pay 20% of the cost of provincial and municipal public works, provided they were executed within a period named by the Dominion government.

2. A social security programme, embracing a national health programme, a national old age pension scheme at age 70, Dominion-provincial old age assistance at age 65 - 69, unemployment

assistance for unemployed employables. That would be in our country fishermen, unemployed employable, at certain times of the year. I think it would also include not only fishermen, but agriculture, forestry, lumbering, logging, transportation, and various other things. Further, in view of the fact that succession duties also would be given up by the provinces, the Dominion government would make a grant of \$12 per head of population.

On the first presentation of these proposals all the premiers merely accepted them as a basis of argument. Premier Jones of PEI spoke of the very unsatisfactory economic history of his province under confederation. The revenues were not capable of much expansion. The deficits grew year by year. "The intention of confederation", he said, "was for each province to have a fair share of the commercial benefits. The federal parliament has failed to function as intended, and as the Maritimes were promised it would function. The conditions are blighting the native genius of our people." The premiers of the other eight provinces had further caustic remarks to make with regard to the Dominion government's plan.

A committee then was formed consisting of Mr. King, three Dominion ministers and nine provincial premiers to study the plan. They met in private session on August 9, 1945, but immediately adjourned until November 26. It sat until November 30, then adjourned until January 28, 1946, when it sat for a further five days and adjourned again until April 25. It then was decided to meet in public session on April 29. These public sessions lasted four days, when the premier of Quebec left for his home in disgust. I give you, sir, this brief account of the period of sessions to show how deep-seated is the rift in Dominion-provincial relations and how far they are from agreement on any policy.

Let us see what happened at this public session which began on April 29, 1946, after nine months of study by the provincial governments. Each province prior to April 29 had made written replies, criticisms and counter-proposals. It was found that eight provinces attacked the proposals and the ninth province rejected the whole plan even as a basis of negotiations. Five of the nine provinces suggested that certain tax fields should be left to the provinces. Three provinces