

criticised the inadequacy of the provisions for unemployment relief since the "self-employed", such as fishermen, who in certain economic areas might far exceed the number of wage earners, were left as a local responsibility. You can see how much that would affect us here in Newfoundland. Three of the provinces disclaimed the entire philosophy of the Dominion plan in that it would eventually destroy the autonomy of the provinces and hence the whole idea of federation. Many other objections were brought forward by individual provinces. All their objections gave an advance idea of what was to happen at the public sessions of April 29 to May 3 when the conference broke up.

When later the per capita rate of grant was raised which brought the Prince Edward Island grant from the Dominion government up to \$22 per capita, Premier J. Walter Jones of that province insisted that it would still leave the province \$1 million short of what it would need. Nova Scotia said also that such a per capita grant would be far from sufficient. Premier Drew stated that its acceptance by the Province of Ontario would result in a \$15 million deficit per year. Premier Duplessis compared the small sum which Quebec would receive with the large sums collected out of the province by Dominion taxation in recent years. Douglas of Saskatchewan stated that a subsidy based on population was unscientific and that there was no relationship between population and needs — and so it was with all the provinces. Said Ontario's premier,

If the provinces were to abandon their most important sources of direct taxation in return for an annual payment on a fixed basis, they would place themselves in a legislative strait-jacket from which they could only escape by abandoning still further powers in return for added payments at some future date. They would become little more than local administrative commissions of the Dominion government, which would ultimately mean the abandonment of the basic idea of federation and the British North America Act, and the eventual result would be despotism.

Premier Duplessis voiced the same idea when he said that

The evils of centralisation mean totalitarianism in the end.... The exclusive rights

of the provinces in matters of social legislation, education, civil law, etc., should be conserved one by one and safeguarded, if confederation is to survive. The federal proposals would destroy the inalienable rights of all the provinces; then tend to establish and increase the growth of bureaucracy which does not suit and can never suit either a democracy or a country ruled by parliamentary institutions.

It was evident to the Dominion government that their proposals would not be acceptable, and so they made other offers to the premiers. They were briefly as follows. In return for specified payments to the provinces the Dominion government proposed that the provinces undertake, for the next three years, not to levy income, corporation and succession duties taxation. The annual payment was a guaranteed minimum of not less than \$15 per capita based on the population either in 1941 or 1942 as the provinces might elect. It was to rise with national income and population. I want you to know that under this tax agreement the subsidy which we shall get depends on two variable things. It depends on increase in population, and it depends on the gross national product of Canada — two variables, and I shall point out to you later just how they did vary. Under this proposal PEI was to receive \$2 million in 1947, Nova Scotia \$10 million and New Brunswick \$7.5 million. The Dominion government was also prepared to allow the provinces to make tax levies on mining and logging operations. Further, the Dominion government was prepared to seek an amendment to the constitution so as to enable the provinces to levy an *indirect tax on retail sales*. It also would allow the provinces to tax property. They also were prepared to pay part of the burden of health services, to the extent of 40 cents per head of population. Assuming that we were a province that would amount to about \$120,000. When we remember that our health estimates for this year are approximately \$6 million we can see how insignificant such help would be to us. They would take care of old age pensions and grant some unemployment assistance. Altogether this was a much better offer, but still the provincial premiers decided they could not agree. Nor *did* they agree.

The Premier of Ontario claimed that in 1945 the Dominion government had collected over