

our services such as wharves and bridges will be cut down. Those things should be done close to home. On the question of the principle, both Quebec and Ontario, representative of two-thirds of the people, felt it was a question of destroying the federal union and creating a unitary state; not now, but a little later on when the taxes are extended.

Mr. Smallwood Mr. Butt has touched loosely on a philosophical question which is receiving a great deal of debate in Canada and the United States; that is, on the alleged trend towards centralisation. He is overlooking something. The royal commission which lasted three years, and which scoured Canada from one end to the other holding hundreds of hearings, went into the whole question of dominion-provincial relations. One of the members was Mr. MacKay, editor of a book which each member has, a book to which contributions were written by a number of people. That Rowell-Sirois Commission investigated the whole story. Wilfred Eggleston was one of the members of that commission. It was a most complete, most exhaustive examination of the country. Three thundering volumes, which perhaps Mr. Butt consulted. That commission recommended very strongly the very idea which was put into effect in part in the wartime tax agreement, and which has been put into effect in part by this tax agreement.

I might remind you, sir, that this dominion-provincial conference which was held beginning in August 1945, again in January 1946 and again in June 1946, three great sessions, was called so that the federal government could submit to the nine provinces not merely a tax agreement but a whole sweeping series of reforms aimed at helping the population of Canada generally, regardless of what province they might happen to live in. One was that old age pensions should be made universal at the age of 65, regardless of their means. A national health programme, calling for expenditure of \$300 million to be distributed among the provinces, and especially for the provinces needing it — it was for hospitals, clinics, all kinds of activities for public health. A whole series of proposals — the Government of Canada to have a fund of half a billion dollars, and a billion to be made available to the different provinces if things began to slip — that would be given, not when things were good, but to hold it

in reserve when things got bad. That dominion-provincial conference was not a success. They put it on the shelf. They have never abandoned it. They put into effect one feature, the tax agreement. I have read all the sessions — a great volume from which Mr. Higgins quoted yesterday. Mr. Duplessis and Colonel Drew in that conference harped upon the increasing tendency towards centralisation in Canada. In studying Canadian history, we should not only look at the things said by Messrs. Duplessis and Drew, both of whom are at bitter personal enmity with the Government of Canada, which they have the right to be, and as Mr. Butt noted, they said there was an increasing tendency towards centralisation. The Government of Canada does not lay down a pattern for others to follow.

Mr. Higgins Point of order. I wonder if we are not wasting a lot of time.

Mr. Chairman As far as I am concerned he is addressing himself to a question. We are sitting in committee.

Mr. Smallwood I want to get through this document. We agreed there was to be no discussion, but if a point should require further information, either I or someone should give notice of question. That is what I want to do. I cannot sit silent and dumb if members get up, as they have the right to do. If they make these points, surely they call for a reply. Either everybody has the right or nobody has the right.

Mr. Cashin Here is a tax agreement; when it is translated into figures, it means \$6,820,000. This is what it means in dollars and cents. The irreducible minimum payment would be the sum of \$15 per capita on the population for 1942 (311,301) plus statutory subsidies. That comes to the provincial government?

Mr. Smallwood Yes.

Mr. Cashin That is what they pay in subsidy; in return we give them customs duties, income tax and inheritance tax.

Mr. Smallwood We have other considerations for losing our customs duties. \$6.8 million plus transitional grants — \$25 million or \$26 million.

Mr. Cashin Our subsidy is \$6.8 million.

Mr. Smallwood It is never a fixed amount. All they can put here is the irreducible minimum, \$6.2 million. That is irreducible. It cannot fall below that. It can rise up. It is the average over the three preceding years.