

*Newfoundland*

At this point may I interject that when I was premier of Ontario and was putting forward the position of my province, I did not refuse to deal with subsidies as part of the arrangement. I mention that because of certain remarks made during the debate on the address prior to its adjournment last Friday evening. I would remind hon. members that the proposals I put forward at that time are a matter of record, and that we in fact proposed a system of subsidies on a basis which would adjust itself to the requirements of the provinces, with a national adjustment fund, which was the key recommendation of the Rowell-Sirois report. We stated that we wished to enter into arrangements of that kind under a transitional agreement which would also provide for an examination of the whole combined taxing system of Canada by competent experts of all the governments and other experts who would be brought in to examine this extremely important subject.

We pointed out that there is only one group of taxpayers in Canada, who pay taxes to the dominion government, the provincial governments and the municipal councils. We pointed out that there is no magic by means of which money can be drawn from any obscure source. There is no question of generosity on the part of the dominion government involved in any of these proposals or, if one chooses to use the term preferred by the minister of reconstruction (Mr. Winters), no question of beneficence. There is nothing of that kind. The dominion government is merely the collecting body which draws from the people of Canada taxes for the purpose of undertaking certain responsibilities. If the dominion government requires more money for the purpose of making payments back to the provinces, the money comes from the very same people; it comes from the taxpayers of Canada as a whole.

What we recommended then, and what I still recommend, is that there be an examination of our whole taxing system so that the taxes required by the dominion government, the provincial governments and the municipalities may be adequate for the responsibilities they are called upon to assume. In this way we may be enabled to establish in Canada the most scientific tax system possible, adjusted to meet the modern conditions in which we live, so that the taxes called for by these three levels of government may be imposed upon the people of Canada in a way that will place a less onerous burden upon them and place the least possible restriction upon personal effort and upon production in every part of this country.

I think it is appropriate that I should recall my recommendation in that respect, because certain comments have obviously been made

without knowledge of what we actually recommended. I also refer to that proposal because it has a very direct bearing on the terms that are included in this draft agreement between Canada and Newfoundland. The representatives of Newfoundland have accepted terms similar to those which were placed before the provinces of Canada in this house in 1946. This restriction has, of course, been placed upon Newfoundland that they cannot apply for an adjustment in consequence of a subsequent adjustment with any other province. I suggest, Mr. Speaker, there is a particular reason for that restriction being included.

This agreement also does something that I recommended, and recommended very strongly as premier of Ontario at these dominion-provincial conferences. I urged that, in addition to the taxing systems we proposed and the subsidy payment provided by a transitional agreement, there be also an immediate recognition of the recommendations in the Rowell-Sirois report that a national adjustment fund be set up. We urged that such a fund be set up on a basis very much higher, however, than that recommended in the Rowell-Sirois report. This would enable those provinces still needing additional financial support, over and above the ordinary subsidy payments during the transitional period, to obtain funds from this national adjustment fund. Perhaps I should interject that it is a matter of record that I also said I was prepared to agree to any form of distribution of that fund, which was acceptable to those provinces receiving contributions from it.

I mention that for this reason. In the draft agreement with Newfoundland the principle of grants in aid, recommended by the Rowell-Sirois commission, is recognized. Over and above the ordinary subsidy payments, there are substantial grants in aid which are related to the recognition of special financial requirements. I find it difficult to believe it was not in the mind of the dominion government that, when this new province shall receive these special grants, there may well be demands from those provinces that have accepted these unsatisfactory terms. In some cases the provinces are not satisfied and there may well be a demand from them that they receive similar consideration. It would look as though the dominion government had decided that this type of horse trading would have to stop some place. Therefore they decided, after further negotiations, that they would say to Newfoundland, at that point it stops; you cannot claim any more.

If that is the purpose, and I cannot see any other purpose in placing such a limitation