



CANADA

FEDERAL-PROVINCIAL
CONFERENCE
1955

PRELIMINARY MEETING

Ottawa, April 26th, 1955

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.



CANADA

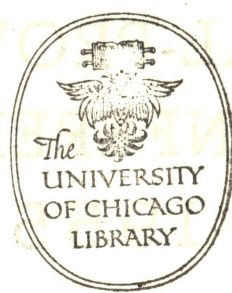
FEDERAL-PROVINCIAL
CONFERENCE, *Ottawa,*
1955.

•
PRELIMINARY MEETING
•

Ottawa, April 26th, 1955

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

JL65
1955
F3



PRELIMINARY MEETING

Offawa, April 26th, 1955

THE NATIONAL ARCHIVES OF CANADA
OTTAWA, ONTARIO

Gift of Govt. of Canada

(A)

the

TABLE OF CONTENTS

	PAGE
<i>Foreword</i>	5
<i>Verbatim Reports</i>	
Right Hon. Louis S. St. Laurent (Chairman)	7
Hon. Leslie M. Frost	15
Hon. Maurice L. Duplessis	22
Hon. Henry D. Hicks	23
Hon. Hugh John Flemming	29
Hon. Douglas Campbell	33
Hon. W. A. C. Bennett	35
Hon. A. W. Matheson	41
Hon. T. C. Douglas	43
Hon. E. C. Manning	51
Hon. Joseph R. Smallwood	55
<i>Appendices</i>	
A—Translation of speeches delivered in French	60
B—Letter of January 14th, 1955, from the Prime Minister of Canada to the Premiers of all provinces except the province of Quebec ..	60
C—Letter of March 8th, 1955, from the Prime Minister of Canada to all Provincial Premiers	62
D—Press communique issued at the conclusion of the meeting of April 27th, 1955	63
E—List of federal and provincial representatives and advisers	63
<i>Index</i>	67

TABLE OF CONTENTS

vii	Foreword	
viii	List of Authors	
ix	List of Papers	
x	1. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xi	2. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xii	3. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xiii	4. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xiv	5. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xv	6. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xvi	7. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xvii	8. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xviii	9. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xix	10. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xx	11. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxi	12. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxii	13. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxiii	14. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxiv	15. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxv	16. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxvi	17. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxvii	18. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxviii	19. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxix	20. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxx	21. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxi	22. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxii	23. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxiii	24. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxiv	25. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxv	26. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxvi	27. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxvii	28. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxviii	29. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xxxix	30. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xl	31. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xli	32. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlii	33. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xliiii	34. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xliv	35. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	36. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlvi	37. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlvii	38. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlviii	39. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlvix	40. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xli	41. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlii	42. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xliiii	43. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xliiii	44. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	45. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	46. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	47. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	48. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	49. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	
xlv	50. <i>On the Theory of the Simplex Method</i> (G. B. Dantzig)	

FOREWORD

On January 14, 1955, the Prime Minister wrote to the Premiers of all provinces except the province of Quebec to inform them that, following discussions with the Premier of Quebec with regard to the imposition of a personal income tax in that province, the federal government intended to ask Parliament to amend the federal income tax law in order to grant a reduction of 10 per cent to all tax-payers in any province where a provincial income tax was levied whether or not all tax-payers had to pay the provincial tax and that, at the same time, Parliament would be asked to release from its present tax rental agreement any province which would prefer this new arrangement. Mr. St. Laurent also informed the provincial Premiers that he would be communicating with them again shortly after his return from the meeting of the Commonwealth Prime Ministers in London towards the middle of February, 1955, with a view to working out arrangements for a Federal-Provincial Conference to discuss fiscal arrangements for the years following the expiry of the current tax rental agreements on December 31, 1956. (See Appendix "B" for Prime Minister's letter of January 14, 1955.)

On March 8, 1955, the Prime Minister again wrote the Premiers to suggest that a preliminary meeting of the Federal-Provincial Conference might be held at Ottawa shortly after Easter for the purpose of reaching some conclusion on the broad outline of the agenda for the main conference and to decide upon an opening date. (See Appendix "C" for Prime Minister's letter of March 8, 1955.) All parties concerned subsequently agreed that the preliminary meeting would be held at Ottawa on Tuesday, April 26, 1955.

Meetings were held on Tuesday, April 26th, and Wednesday, April 27th, in the Railway Committee Room of the House of Commons. The first day's meeting was open to the public. At the conclusion of the second day's meeting, held in camera, it was announced that federal and provincial representatives had agreed that the main Conference would open in Ottawa on Monday, October 3rd, and that the agenda would consist of the following items:

- (1) Federal-Provincial Fiscal Relations.
- (2) Public Investment and Natural Resources Development.
- (3) The desirability of establishing a Federal-Provincial Continuing Committee.
- (4) Health and Welfare Services.
- (5) The timing and scope of such other special conferences as may be desired.

It was also announced that federal and provincial representatives had agreed that consideration of the federal government's proposal to participate in meeting the cost of relief to unemployed employables not in receipt of unemployment insurance benefits should not be postponed to the October meeting but should be referred immediately to a committee of federal and provincial officials who would collate the essential facts, examine the technical problems involved and report back to a meeting of federal and provincial Ministers as early as possible. (See Appendix "D" for press communique.)

FOREWORD

On January 11, 1965, the Prime Minister wrote to the President of all provinces regarding the province of Quebec to inform them that following discussion with the Province of Quebec with regard to the imposition of a general income tax in that province the federal government intended to ask Parliament to amend the federal income tax law in order to grant a reduction in the rate of that tax to all provinces in any province where a general income tax was being or would be levied on all taxpayers but to pay the provincial tax and that of the same rate. Parliament would be asked to reduce from its present rate the general income tax which would have the same arrangement. The effect of the proposed amendments would be to reduce the rate of the general income tax to a level which would be the same as the rate of the provincial tax. It is not intended to alter the amount of the provincial tax in any province. The amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965.

The amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965.

The amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965.

The amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965.

The amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965. It is intended that the amendments to the federal income tax law would be in force from the 1st of January, 1965.

**PRELIMINARY MEETING OF
FEDERAL-PROVINCIAL CONFERENCE 1955**
Railway Committee Room, House of Commons, Ottawa

TUESDAY, April 26, 1955.

MORNING SESSION

The Conference convened at 10.50 a.m., Right Hon. L. S. St. Laurent, Prime Minister in the chair.

Mr. ST. LAURENT: Gentlemen, my first duty naturally and it is a very pleasant one, is to extend my cordial greetings to the premiers of the 10 provinces and to their colleagues and advisers who have come here for this preliminary meeting of our 1955 federal-provincial conference. Perhaps I might extend a special greeting to the premiers who have not been at these conferences before in that capacity, namely: Mr. Hicks of Nova Scotia, Mr. Flemming, of New Brunswick, Mr. Bennett of British Columbia, and Mr. Matheson of Prince Edward Island. I am sure we are pleased to have you sitting with us around this table. I hope we shall be able to accomplish something that will be of value to our fellow Canadians for a long time to come.

Je tiens à m'exprimer dans les deux langues officielles de nos traditions parlementaires, parce que c'est la tradition, tant ici comme à Québec, de se servir à son choix de l'une ou de l'autre de ces deux langues.

Je suis certain que nous pourrons, quelle que soit la langue dans laquelle nous nous exprimons, faire connaître aux autres nos dispositions sincères de coopérer pour le plus grand avantage de nos concitoyens. (See Appendix "A" for English translation.)

In opening our discussion this morning on the scope of our conference this year, I think it would be useful to review briefly the subject matter of our recent conferences of this kind. While, of course, conferences go back to Confederation itself, they have now become fairly regular occurrences at intervals of roughly five years. There was one twenty years ago in 1935. There was another at the beginning of 1941 to consider the recommendations of the Sirois Commission. There was the major conference on reconstruction in 1945 and 1946. In 1950 there were two—one on constitutional processes, which was hardly a part of this series, and one on fiscal matters. Taking place between these main conferences, there have been many meetings of provincial and federal representatives on other and more specialized subjects. I think we may say that there is now more continuing and frequent contact between our governments and their officers than ever took place before. We do not have, as did the earliest government of Canada, a "Secretary of State for the Provinces", whose position was abolished for lack of work in 1873. But anyone familiar with policy and action in the past decade in the many fields covered by our responsibilities, sometimes overlapping, will know something of the fruitful results of all these specialized meetings which attract less attention

than our major conferences. Though this is only a preliminary meeting for the 1955 conference, it seems to have attracted a large amount of attention outside as well as inside this chamber.

Our last conference in 1950 was held in the shadow of the Korean crisis. For that conference we had a limited agenda with which we dealt mainly in committee. We discussed the problem of renewing the tax rental agreements, and out of that discussion were developed the proposals considered and accepted by individual Provinces after some modification in 1951 and 1952. We considered at some length the subject of old age pensions and, after some work in committee, we finally agreed on a general plan for old age assistance and upon a constitutional amendment to permit the Federal government to introduce a contributory old age security program. As a result we now have a fairly comprehensive system of old age pensions that fits well into our federal structure. We had a useful discussion on the possibility of a constitutional amendment to permit Provinces to have a limited use of an indirect tax in the form of a retail sales tax. It was not possible to get the complete agreement on this matter which was necessary to proceed with it. I think many of us will recall the co-operative spirit shown at the 1950 conference and the ultimate fruitfulness of its result.

It is natural that our thoughts should go back today, as well, to our large conference of 1945-46. That was most ambitious in its scope, which was quite fitting in the circumstances. It came at the end of a long war which had followed the most severe depression in our history. We were determined that the zeal and capacity which our nation had developed during the war should be employed fully in meeting the problems of peacetime. We all wanted to avoid any repetition of the unhappy frustration of the depression period. The Federal government placed before the conference a comprehensive set of inter-related proposals. These were intended to make possible an integrated policy for peacetime prosperity. These proposals were used by the conference as its agenda.

A number of the many proposals were of a temporary character, intended for the transition period between war and peace. These mainly fell within the powers of the Federal government because they related fairly directly to the war and the matters arising out of it. Little discussion took place upon them.

The major proposals of 1945 were of a continuing nature and dealt with the main issues of financial concern to both the Federal and Provincial governments. These included the use of the powers of direct taxation, the sharing of social security responsibilities and the sharing of responsibilities in the field of public investment. Despite a series of meetings over a period of nine months, the conference was unable to reach agreement on these major proposals. As a result, it was necessary to proceed subsequently to deal with those portions which could be implemented separately.

When we review these major proposals of the 1945 conference, we find that a large proportion of them has been carried out; those that have not been implemented have been reconsidered from time to time and found to be either inappropriate at the time, or impractical in the light of the further study that has been given the subject.

In the field of taxation, the conference failed of course to agree even after the proposals had been substantially modified. Subsequently, however, tax rental agreements were entered into by seven of the Provinces, and later by Newfoundland. While the lack of agreements with all provinces prevented the realization of all the Federal objectives in this field, the situation reached was a fairly workable *modus vivendi*.

[Mr. St. Laurent.]

In the field of social security we completed in 1950 what had been aimed at in 1945 in regard to old age pensions. Also, we proceeded by separate agreement with the Provinces to implement a pattern of health grants along the lines suggested in 1945, which have proven of great usefulness to all of our governments and people. The proposals in regard to health insurance have only been implemented as far as the planning stage, and the federal and most provincial governments have given higher priority to other programs, including the increasing of the basic services and facilities which would be necessary to carry the load of a health insurance system. The proposal concerning unemployment assistance was an integral part of the program which was not accepted at the 1945 conference and happily, from that time until the present, economic conditions were such that unemployment insurance and other existing arrangements appeared to meet the needs of the times. I shall be suggesting in a few minutes that we should consider this subject now.

In the field of public investment I shall not attempt to review in any detail the many proposals for specific action in the purely Federal fields that were outlined in the 1945 proposals; suffice it to say that nearly all of these have gone ahead on a fairly substantial scale.

The 1945 proposals included suggestions for joint projects or conditional grants in a number of specific fields of public investment. Many of these have been implemented since that time. There have been joint projects to protect or improve farm land in several Provinces. Grants have been provided for water conservation projects. There have been agreements for assistance in forestry programs and for a large joint project to counter the infestation of spruce bud-worm in the New Brunswick forests. A highly successful program has been carried through by the Eastern Rockies Forest Conservation Board. This was a corporate agency granted powers and money by both Provincial and Federal law—a model that might prove worth study for possible use on other occasions. Parliament has granted assistance for building access roads to enable developed mining areas to be integrated into the Canadian economy, for railway grade crossings, for the development of local airports and, of course, on a large scale, for hospital construction. It has also provided large grants for the building by the Provinces of the Trans-Canada Highway. These were all included in the 1945 outline.

A small proportion of the specific items of this nature suggested in 1945 have not been implemented after consideration of particular cases. For example, we decided against the offering of grants to Provinces for the protection of forests against fire. We came to the conclusion that this subject was so closely tied up with Provincial management of forest resources that we should not get involved in it, and the Provinces were already doing the job themselves.

There was also included in 1945 a proposal that the Federal government might provide "planning" and "timing" grants for "postponable" public projects to be carried out at times when they were needed to increase employment. This proposal, along with the others, was not accepted in the 1945-46 conference. Since that time, the economic situation has generally not been such as to make timing grants appropriate. Moreover, the demands of urgent projects, both private and public, for professional skills has precluded the advance planning of postponable public projects. In the meantime, we have studied this proposal further and come to the conclusion that it would be better and more practical to make whatever cooperative arrangements are justified in specific fields. We think that the Federal government should not suggest that it get involved in having to make judgments in regard to thousands of public projects of the normal type carried out by Provinces and municipalities.

We believe that the proposals of 1945 are no longer suitable for our agenda in 1955. We believe that this advance meeting should receive the proposals of all governments represented as to what should be included on our agenda, and then seek to agree on a list which would appear practical in scope and important in substance. The Federal government has two subjects to suggest for inclusion. Before going into these, however, I wish to emphasize three points in the background of this year's conference.

The first concerns the defence situation. Our conference in 1945 took place in an atmosphere of hope; the war was over and a long period of peace seemed to be in view. The first atom bomb had just been dropped the day we met, but the great secret of how to make it was in safe hands and it seemed only to presage the opening of a new era of more abundant energy. We looked forward, as the Minister of Finance stated during the sessions, to a postwar defence budget of \$250 million. Before our next conference the growing danger had led us to join in creating a North Atlantic alliance and to set about increasing our defence forces. In 1950 we met in the shadow of the Korean crisis and the Ministers most directly concerned spoke to us of the urgent tasks confronting us in the defence field. Since then the situation has changed. On the surface it seems to have changed for the better. The fighting has stopped. Fundamentally, however, the situation has not improved, but we have grown more used to it. The world remains divided and suspicious; it appears likely to be that way for many years. We in the West have not had confidence in the peaceful intentions of the Communists who now control so much of mankind and such enormous military strength. We still feel that only by being united, strong, ready and vigilant can the Western Alliance deter aggression in vital areas and remain safe. This ready strength is very expensive and must be kept up-to-date in the face of most relentless competition in the science and arts of war.

To maintain our defence strength will cost us and our allies a large part of our incomes for as long as we can see into the uncertain future. We are fortunate that our economic strength is such that we can afford the essentials of defence and at the same time proceed with the development of our country and the improvement of our living standards. In the terms that relate to this conference, however, we must make our plans in the knowledge that we cannot foresee any really substantial reduction in defence expenditure during the next four or five years.

I realize this may be a disappointment to some of you who may have been hoping, as some of us were, that our present scale of defence expenditures was a temporary one that would soon be greatly reduced. But I feel that I should be doing less than my duty if I did not stress to you the vast change that has taken place since our conference of 1950 in the gravity of the risk that threatens Canada should a major war break out. Our potential enemy has demonstrated that he is accumulating the most powerful types of weapons and the means to deliver them effectively. If a major war commences we must expect at its very beginning—that is, in the first few hours—heavy attacks on North America with large nuclear weapons. These attacks would likely take place on Canadian targets as well as on those in the United States. The potential damage to Canadians and to the material fabric of our country, in such event, is so enormous that we must approach the whole problem of war and defence in the most deadly seriousness. The United States and Canada in partnership are having to establish defensive works and forces strong enough to convince a potential enemy that he cannot by a sudden knock-out blow destroy our nations and the power to retaliate in overwhelming strength. Indeed upon this now seems to depend the security of all Western nations. You will recall the speech which Mr. Churchill made in the House of Commons, which represented his impressive statement to us in the Prime Ministers' meeting in London. Surely we all realize the

[Mr. St. Laurent.]

disastrous effect of the use of these weapons, and no one will venture to use them knowing that use would be made of them on both sides, with terrifying results to both sides. We can only hope that neither side will resort to their use.

The other points I wish to emphasize at this time relate to the background of the employment situation. The first is that we Canadians are going to have to make our way in a world of highly competitive trade. Only in the last two or three years has this competition really become keen again after the war and the postwar shortages had blunted it. We can only secure a high standard of living from the specialized resources of Canada by trading our products with others. We must sell and buy in competition. We must be efficient enough to compete both at home and abroad. Consequently, we cannot load our producers with unnecessary costs, nor squander the material resources on which we must live. Nor can we solve unemployment problems in various industries or areas simply by restricting the two-way trade which forms the foundation for our export industries and our living standards.

The second of these points relating to employment is that Canada must continue to grow and develop if we are to prosper. Our development and our export trade have been the foundations of the great prosperity we have enjoyed in the past ten years. Growth creates opportunities for work and investment. It also creates many problems, particularly for governments and local authorities. We all must strive to overcome these problems, to permit and encourage the growth to continue.

All of us here today have our own responsibilities in assisting and promoting the economic development and general growth of Canada and the Provinces which make it up. To maintain our growth and competitive ability in a trading world is the proper way to keep Canadians fully and fruitfully employed. But it is not an easy way. It will require imagination, the willingness to venture, and the finding of new resources and new markets. It will require skill and good judgment, good management and hard preparatory work.

Parliament and the Federal government will do their share to promote development, and trade and employment, but initiative and action will be necessary by other public authorities, as well as by business, labour and primary producers.

This brings me to the question of what is to go on the agenda for our conference this year. The government of Canada believes that our conference is most likely to succeed if we plan to consider only a limited number of subjects of primary importance, leaving until subsequent meetings or to meetings of those Ministers primarily concerned, subjects that are more specialized or of less importance in our Federal-Provincial financial relationships.

The first subject which we believe should be included is that of future Federal-Provincial fiscal relations; the consideration of that subject will certainly involve, at least as one of its aspects, the question of extending our tax rental agreements or replacing them with equivalent arrangements that will accomplish as far as possible the main objectives we have sought in those agreements. We do not contend, nor have we ever contended, that these agreements are the final answer to our fiscal problems. They are the best we have been able to work out in the past. Perhaps this time we can achieve or try to achieve something better. Federal Ministers and officials are studying this general problem to see whether it is possible to gain our essential objectives by some sort of plan that would be more likely to meet the situation of all the Provinces. It may be possible to work out a formula more flexible than the present one in covering the varied circumstances of different Provinces but of which the over-all result would be fair and would accomplish our main purposes. We cannot consider any general increase in the scale of payments under our agreements as justified, because our present plan provides for automatic increases based on population

and production and also on prices too (since the value of production is taken into account). We recognize, however, that the present distribution of the total among Provinces has been based in some measure upon events and conditions that are receding into history. Some improvement may be possible by redistribution based on current conditions. We should be prepared, and we are prepared, to consider any logical formula for this purpose that Provinces wish to suggest, subject to there being no material increase in the total for all Provinces. I think I should add also, subject to there being no permanent, unalterable change. I would not like to participate in establishing changes that would imply that we have the power to peer sufficiently into the future so that the effect of any such changes to future generations would be unalterable. I think we should be rather more limited in our forecasts and try to deal with that which would appear reasonable to be able to anticipate.

If it is not possible to work out an improved plan, we will have to consider, possibly, carrying on with an extension of the present agreements, perhaps with minor modifications. If this is done, we should consider the position of any Provinces that prefer not to enter into tax rental agreements. We have now a resolution before Parliament to make this situation more workable for the years 1955 and 1956. When this legislation is enacted, our personal income tax will simply apply at a lower rate in any Province that is outside the agreement and imposing these taxes itself, as our present corporation tax has provided for several years. This is reasonable, for in the agreeing Provinces we are making payments to the Provincial government and thereby benefiting the people in that Province, in order to rent the exclusive right to levy those types of taxes within that Province. It seems to us wholly fitting, therefore, that our taxes should be higher in such a Province than in one where we are not obtaining the exclusive right, and not paying for that exclusive right to that form of taxation. Indeed, this arrangement is the equivalent, by a simpler means, of having these Provinces levy standard taxes in specified forms as they did under the 1947 agreements.

There are, I understand, a number of ancillary tax questions that have arisen in connection with the agreements. I would suggest it be understood that they will be considered at our main conference along with the future of the agreements themselves. Mr. Harris and I would appreciate having notice as soon as possible of any such questions the Provinces wish to raise in order that we may have them properly studied in advance. We shall, of course, inform all provinces of these points of which we are notified by anyone.

The Federal Government would welcome any proposals from the Provincial governments for dealing with the central problem of our general relations in regard to taxation. I think we all realize the taxpayers are the Canadian taxpayers from all over the country, and it is from them that whatever public funds are provided must be raised, and that what is raised by one jurisdiction affects the possibilities of money being raised by other jurisdictions. I feel that we should, and I am sure we shall make the best possible attempt to serve in the manner best suited to the interests of the Canadian taxpayers at large. Naturally, the sooner that we and the other provinces can receive suggestions of this kind for study, the better prepared we shall be to consider them at our main meeting.

In addition to this subject of taxation, the Federal Government wishes to propose for consideration this year the question of assistance to the unemployed.

The main burden of providing for the needs of those who are unemployed is met by unemployment insurance, to which insured workers and their employers contribute and the Federal government as well contributes. During the past twelve months, a total of \$257 million in benefits were paid to the unemployed

[Mr. St. Laurent.]

from this fund; and the Federal government paid \$60 million as contributions to the fund and costs of administration. In operating and supporting this insurance plan we were carrying out our duty under the constitution as now amended.

We recognize that there will always be some people unemployed and in need of help who are not entitled to insurance benefits. In normal times the number of these who are employable and in need of help because they are not insured and cannot find a job is small. In our view, the providing of assistance to these people is the constitutional responsibility of the Provinces, or their municipalities, and the cost of discharging this responsibility is within their financial capacity. The Provinces had always recognized this responsibility before the war, as well as the responsibility for unemployable persons who are in need because they cannot work. A number of Provincial Premiers or Ministers have expressed an opposite point of view, saying that the Federal government should assume responsibility for providing aid to the able-bodied unemployed who are not covered by unemployment insurance. In the meantime, Provinces have in principle at least accepted without question the responsibility of providing assistance to indigent persons regarded as unable to work.

As Canadians, we all believe that those in real need should not be made the victims of any difficulties in the working of our Federal system—a system which we think is sound and which can be made to work quite satisfactorily given appropriate co-operation between the Federal and Provincial governments.

Canadians in need should not be left to fend entirely for themselves; they must be helped if they need help, in a way that is equitable and economical and in accordance with standards that commend themselves to the community in which they live. Whatever the arrangements may be for apportioning the costs, whatever authority levies the taxes that may be needed for the purpose, it is obvious that the administration of a system of assistance to the unemployed can best be managed by local authorities under the control of each Provincial Legislature and government. The best way to ensure that the administration will be responsible and provident is by having some part of the cost borne locally. I have mentioned what were the benefits distributed by unemployment insurance. These benefits have to be uniform throughout the whole country. The assistance that is required for the need of those who are in need is not the same all over. It depends upon the situation of the localities where the needy persons live. I am sure that from one extremity of the country to the other the scales are much different. They are much different in Newfoundland from what they are in British Columbia, which is inevitable. It is a fact and we must face the facts.

Notwithstanding the constitutional responsibility of the Provinces, we are prepared to have some share of the cost fall on the Federal treasury, and to have this share increase as a proportion of the total as the severity of the problem increases.

Long experience proves that no satisfactory system can be devised to classify every individual in need as being either employable or unemployable. It is a matter of degree, of circumstances, of opinion. There are some people who can be employed on some jobs when there is a very tight manpower situation, but who are not practically employable when there are others more competent available for the same job. This makes it practically impossible to set up separate organizations to assist the employable persons and the unemployable persons. No one wants one organization refusing help to a family on the grounds the head of it is employable and another refusing help on the grounds he is not.

We would hope that the Provincial and Federal governments can agree upon a workable system for handling assistance to both unemployable and employable persons in need of help, which will do away in future with the need for such a distinction. As a first step in developing a plan of this kind, we suggest that we should forthwith review the latest facts and figures on the numbers of persons receiving relief in each of the Provinces in recent years. After reviewing these figures, it should be possible to agree upon some level of the load, in terms of the number of people receiving assistance as a percentage of the population, which might be regarded as being basically the load of unemployables. We would propose that in any month when the number of people on relief in any Province, without determining whether they are employable or not, exceeds this minimum level, the Federal government should provide a share of the cost of relief for this excess. Some have suggested a 40-40-20 division between Federal, Provincial and local authorities. We would not object to this division but we think it would be fairer and better if the Federal share increased as the burden got heavier—say commencing at 30 per cent where the Federal contribution starts, increasing to 40 percent of the excess over a specified figure, and then to 50 per cent of the excess over another figure. In this way, we should provide a higher proportion of Federal assistance when and where the load is heavier.

We do not wish to suggest what is the proper division between Provincial and municipal authorities. That would be for each Province to decide. The Federal government would not deal directly with the municipalities but only with the Province. We would expect the Province to take some share of the cost and not leave entirely to the municipalities what is not covered by the Federal share. There again, that is a matter which is within the exercise of the jurisdiction and sound judgment of the local authorities.

The plan we propose would be quite independent of other statutory provisions for various special types of assistance. We would expect to carry on with the present joint arrangements for such things as old age assistance and assistance to the blind and to the totally disabled. We would continue our War Veterans Allowance Act. We would think that the Provinces would continue to have special arrangements, as they now have in regard to mothers' allowances and such matters. Moreover, persons in institutions should not we think, be included as persons receiving assistance under the co-operative plan. This would be to supplement but not to replace what now exists.

We believe that a plan can be worked out along these lines which will be efficient and just. It would ensure that anyone in need, whether because of lack of work or inability to work, would know where to turn for assistance, and where his situation would be examined by those who have experience, knowledge and right kind of humanitarian feelings in that regard. It should be fair in the distribution of the resulting tax load between the local area, the Province and Canada as a whole. It should be workable in practice. It should end arguments about which government has general responsibility and which has responsibility for particular individuals.

We do not believe that the burden falling on any level of government under the proposed arrangement would be very large. Occasionally, in winter the number receiving assistance may become substantial, although our recent extension of seasonal benefits under the unemployment insurance plan largely covers even this special winter problem. We believe that combined with unemployment insurance this plan would solve the problem confronting us.

The Federal government proposes that we should endeavour to reach agreement on a plan of this kind. We do not propose that we should wait until our main meeting later in the year to settle the details. We suggest that our officials get together without delay and prepare an agreed paper on the facts and figures

[Mr. St. Laurent.]

for our consideration. The Ministers concerned might then meet to discuss the figures to be fitted into a plan along these lines, and to settle the other questions that will arise.

The Federal government is not now proposing any other items for inclusion on the agenda of our conference this year. We are prepared, of course, to consider whether other items should be included in the scope of the conference. We hope that the list can be kept to manageable proportions and that specialized subjects or those that do not have substantial effects on our financial relations can be left for consideration by conferences of the Ministers primarily concerned or by ourselves on another occasion.

In regard to the date of our main meeting, my colleagues and I feel that we could give more wholehearted attention to these matters if the conference takes place after the conclusion of our session of Parliament. The session will end, I expect, sometime in the summer. I assume that all of you would prefer that we should not attempt to meet during July or August. We would therefore suggest some date early in the autumn, say perhaps immediately after Thanksgiving Day, or perhaps a little earlier. This would give all of us time to complete our preparatory work after Labour Day.

I should like finally to invite you to have your officials consult our officials in regard to facts and figures relating to the subjects we shall be having on our agenda. This can be done either by correspondence or by visits.

As Chairman, I would now like to call upon the Premier of Ontario to address us.

HON. LESLIE M. FROST (*Premier of Ontario*): Mr. Prime Minister and Gentlemen, it is now nearly four and a half years since we met in formal conference to discuss and consider a number of mutual problems, and from those discussions have come fiscal arrangements and advances in old age security of widespread benefit to our people. In a federal partnership, there is much to be gained by periodic meetings of this kind. I believe that they should be held more frequently, for they permit a frank exchange of views and promote a better understanding of the problems and aspirations of the members of the Federal family.

As I look around the conference table, Mr. Chairman, I see the familiar faces of many who have attended these meetings in the past, but I am also reminded that the composition of any group, as you have mentioned, sir, changes through the years. Conspicuously absent are two members from the historic provinces of Nova Scotia and Prince Edward Island, who have made notable contributions to these Federal-Provincial conferences in the past. I refer, of course, to the Hon. Angus L. Macdonald and the Hon. Walter Jones, both of whom died a year ago.

Angus Macdonald was a man of impeccable integrity, personal charm and scholarship. His deep convictions and sincerity in every cause he espoused made him an eloquent and persuasive exponent of Nova Scotia and Maritime rights. I have said "Maritime rights". Perhaps I should substitute "Canadian problems", because Angus Macdonald was not insular in any way. He brought to these Federal-Provincial discussions a logical, well-stocked mind and sober judgment that always commanded respect, and his contributions to the proceedings, which may be read with great profit, are an illustration of the beauty of his literary style and of his keen insight. I may say, sir, that at many conferences he was my desk-mate and I miss him very greatly.

The Hon. Walter Jones was a member of the Prince Edward Island Legislature for eighteen years and Premier for ten. Like Mr. Macdonald, he was a scholar and a man of letters, and in his youth a notable athlete. He was a great stock man; he used to come up to our country and buy good stock there.

He gained a broad knowledge of agriculture from extensive study at several Canadian and American universities. His wisdom and quiet, unassuming manner made friends wherever he went. Both will be greatly missed.

I may say, sir, that I was asked today to extend to the great province of Newfoundland the thanks of our people for the fact that some 143 years ago, on the 27th of April, 1813, the anniversary of which is tomorrow, Newfoundlanders crossed over to this country and saved the town of York. Now, sir, they have the same responsibility for saving the city of Toronto. I have been asked by the York association to thank the people of Newfoundland today for that.

I should like also at this time to extend congratulations to the provinces of Alberta and Saskatchewan, both of which this year are celebrating their Fiftieth, or Golden, Anniversaries of provincehood. In Ontario, we have extraordinary ties with these two great provinces. Tens of thousands of Ontarians were born in Ontario. In this anniversary year, the people of Ontario extend to Alberta and Saskatchewan congratulations and best wishes as they continue on the road of progress. The prosperity that has come to them from the development of their oil, natural gas and uranium resources has been very gratifying to us, and it would give us great pleasure to see this development extended more fully into Manitoba. The utilization of these resources through the construction of an All-Canadian pipe line which we hope, sir, will be a fact, would strengthen our national security and raise our living standards. In addition, it would give impetus to the construction and steel industries and make a significant contribution to employment and economic activity generally.

This Federal-Provincial Conference will consider, and I am sure, pass upon many important matters. At this first meeting, we have been asked to deal with proposals for agenda and organization. In both these connections, we shall be submitting for the consideration of the conference certain matters which we, in Ontario, believe to be important, but I can assure you that we are not doing so in any dogmatic way. I may say, sir, that your remarks were reasoned; I thought they approached the problems generally in an understanding way. I hope, sir, that we can find solutions on the same basis. Our position is simply this. We come here not in any dogmatic sense. I quite realize that in this broad country, problems vary and the emphasis naturally changes, and our agenda should be broad enough to include the pressing problems of all. I quite realize that in Canada we should deal with the things that we have to do, and then we should deal with the things that we would like to do. I think that is reasonable and common-sense today.

Against that background, I would like to submit the following six-point proposal:

1. *The establishment of a Federal-Provincial Technical and Advisory Committee.*

We believe that more than ever there is a need for a fuller understanding of the problems of all Governments—federal, provincial and municipal—and that if we are to succeed in maintaining high levels of income and employment, stable average prices and, in general, the tempo of sound development and progress, we will all have to work together to the fullest possible extent—a matter which you, Sir, mentioned. Ontario, therefore, would welcome the establishment of a technical committee representing the federal and provincial governments, somewhat along the lines of the Committee set up in 1945. The committee we suggest would be composed of advisors of the various governments, and, if the provinces so desired, municipal representation could be included. Its work need not be confined to fiscal arrangements and taxation: There are other matters of mutual interest relating to economic stability, income and employment and public borrowing which should be considered.

[Mr. Frost.]

Such a committee would not be executive, but fact-finding. It would be a medium where information and points of view could be pooled and transmitted by the representatives to their respective governments, without in any way binding them either individually or collectively. The pooling of information and ideas would assist this Conference and subsequent conferences to arrive at decisions.

I should like to see such a Committee made a permanent part of the machinery of Federal-Provincial relations. Oft-times, misunderstandings have developed from the lack of information of the problems and points of view of the various governments. A Committee such as I have described would help to keep them under review. Solutions require first the recognition and understanding of what the problems are. A solution satisfactory to one province may be unsatisfactory to another, while problems which are very pressing in one province may not even exist in another. We should, therefore, be exchanging views on a number of subjects, including employment, capital investment, public works and the timing of them, farm marketing and certain legislative and constitutional questions as they affect different parts of the country. The Government of Ontario is convinced that if these Federal-Provincial conferences were held frequently with a relatively limited agenda and were assisted by a fact-finding committee, they could be of great assistance in reaching solutions to many complex problems of mutual concern.

2. Fiscal arrangements between the Federal and Provincial Governments

The present Canada-Ontario tax rental agreement does not expire until March 31, 1957. For reasons which I outlined in the Budget I presented on March 10th last—which I am sure you all read—it is not our intention to terminate this agreement, though the opportunity exists because of the special arrangements the Federal Government has made with the Province of Quebec. We shall study these revisions and any others which may be made at this Conference and, in accordance with our assessment of the merits of the various alternatives open to us, we shall decide as to the best course for Ontario to follow. In making that statement I would not want anybody here to imagine that we feel that the agreements of 1952 were in any sense a final answer to our problems. But we will, sir, consider the continuing problems presented at this and subsequent meetings with the representatives of the various governments with a view to arriving at a solution which will be both satisfactory and just.

3. The whole problem of unemployment

I would, sir, change this heading somewhat to read "The whole problem of Employment and Unemployment" which I think is a matter of great importance.

Since we last met, the Korean War has ended and we all hope we are entering into more peaceful conditions. Certainly since then, we have been affected by the change in international trade and, as an exporting nation, we are bound to be sensitive to the new conditions, which I am sure we all hope will be permanent. The problem of unemployment and of employment is a very large one. Its solution requires the participation of all levels of government—federal, provincial and municipal—as well as industry, labour and various other agencies. We now have had the experience and studies of twenty-five years, including the lessons of the 1930's and the war years. We have the findings of the Sirois Commission, otherwise known as the Royal Commission on Dominion-Provincial Relations, and those contained in the Marsh Report and the general submissions of the Federal Government to the 1945-46 Dominion-Provincial Conference. These reports and submissions stem from the fact that it was the desire then, as it is the desire now, that we should not revert to the chaos of the 1930's, the financial effects of which the provinces and the municipi-

palities suffer to this day. Indeed, one of the problems faced by Ontario and her municipalities is the huge backlog of public works and housing which accumulated in those years as a result of the financial stringency of the Province and its municipalities.

This Conference must be concerned with maintaining employment at a high level and, where unemployment does arise, with providing assistance for those who are involuntarily unemployed. Our discussion might very well take the following lines—

- (a) Unemployment assistance for the unemployed employables.
- (b) Care for the unemployables.
- (c) The planning by various levels of government of works and housing projects to stimulate employment.

This last item should include the establishment of a system to determine the time in which such projects would be undertaken. In years of peace, most of the useful projects which lend themselves to timing lie within provincial and municipal jurisdiction. Thus, the provinces and municipalities can be of great assistance in bolstering employment, providing they have the financial strength to do so. To give greatest effect to this work, there should be available at all times an accurate measure of the unemployment situation in the various parts of the country. But, Sir, I doubt that many of the figures we use in connection with the appraising of the unemployment situation are a true measure of conditions. Measures which could be adopted by labour and industry to maintain high, stable levels of productive employment should also be considered. We believe that the solution of these important problems must be found without delay.

In connection, sir, with the proposals you have put forward—and we shall certainly discuss those and the proposals of all governments represented around this table—I would say off-hand that we have found no province in which the incidence of unemployment is even. The problems of some municipalities and some areas are very much more acute than the problems of others. Regard must be had, therefore, for this municipal variation, in any formula we arrive at.

4. Health Insurance

This very important subject deserves the consideration of this Conference. It is a matter which has been widely discussed and this Conference can do a great deal to clarify the issues involved. It is generally recognized that any health insurance plan of a broad nature should have both federal and provincial participation. We suggest that the whole question be intensively studied, with a view to arriving at the following—

- (a) A health insurance plan in which there would be both federal and provincial participation and in which the fullest details of the extent of the coverage to the individual would be given.
- (b) Estimates as accurate as possible of the cost of such a plan and how that cost would be shared—
 - (i) By the individual or family;
 - (ii) By the provincial government;
 - (iii) By the federal government.
- (c) How the moneys to support such a plan would be raised.

I am fully cognizant of the fact that it would have to be considered in the light of the problems and fiscal position of Canada and her provinces.

- (d) In what manner and under what conditions a health plan could be proceeded with in stages in accordance with the medical and hospital organization and the financial position of each province.

[Mr. Frost.]

I think we have learned in these conferences that the provinces cannot all be put into one mould. Canada is just not made that way.

- (e) In the stages suggested in (d), what priority could be given to meeting the crippling financial burdens imposed on the individual and family by prolonged illness and affliction.
- (f) In what way the plans established by individual provinces could be integrated into a federal-provincial health insurance plan.

The study of health insurance would help to clarify the thinking of all in a field in which there unquestionably is a great deal of misunderstanding and confusion. A plan could be evolved in this way that would enable the whole structure to be built efficiently in stages and within the financial capacities of the various levels of government to pay for them. Health insurance has many important financial implications, not only for the provinces and the federal government but for the individual; and since it is one of the great objectives in the field of human betterment, it should be placed on the agenda for study, with a view to producing a sound, workable plan with which we could proceed.

5. *Revision of the present federal health grants to allow more flexibility in their use*

The federal health grants established in 1948 have undoubtedly served a very valuable purpose. Unfortunately, however, as they are earmarked for certain specific purposes, none of the provinces has been able to make as full use of them as it would like. As conditions vary from province to province, it inevitably follows that a specific conditional grant that would be suitable in one province will not be suitable in another. The restrictions on the use of grants have diminished their value, not only to Ontario but indeed to all provinces. We should, therefore, like to see the basis of these grants re-examined and a more flexible system devised that will carry out the objectives of the Federal Government and at the same time be better suited to meeting the particular needs of the people of each province.

6. *Certain legislative or constitutional matters, relating particularly to the operation of farm marketing plans*

This subject is one of great interest to a number of provinces. The strengthening of farm products marketing will contribute to the betterment and stability of farm income, and it is believed that the authority of the provincial marketing boards should be clarified.

There are many other items which might be placed on the agenda. Among these are old age pensions and old age assistance payments. Although, in recent years, there has been a general improvement in welfare services across Canada, our whole welfare program, including housing requirements, should be kept under constant review to ensure that it is meeting the needs of our people. We are prepared at all times to join with the Federal Government in discussing plans for improving welfare services. In your earlier remarks, Sir, you mentioned the need for a limited agenda to be dealt with in this Conference. With this suggestion, I am in entire agreement, provided that we have more frequent conferences.

Other subjects which might also be included in the agenda are concerned with the pollution of our lakes and rivers and the growing shortage of water in various communities throughout the Province, but particularly in southwestern Ontario. This subject may seem foreign to this conference, but I can assure you it is one of the problems incidental to our industrial and population growth; it is a serious problem for some of the provinces, particularly Ontario.

Recently, we undertook a preliminary investigation of water resources and of ways and means of increasing water supplies in the Province. We have also been giving consideration to the question of pollution of our lakes and rivers—a problem that has federal, interprovincial and international implications, and for which the remedy is very costly. These matters, too, would merit study by the Conference. A most serious problem stems from industry and the concentration of people. I mention this problem because with respect to the province of Ontario, its solution requires the expenditure of some \$350 million, which is considerably more than twice the annual amount of our tax rental payment. That gives you some idea of the magnitude of the problem as it affects our province, and I am sure other provinces too.

We recognize that all the other provinces and their governments have problems just as we in Ontario have ours. The spectacular expansion of Ontario in the last dozen or more years has brought in its train many problems requiring consideration and action. The growth of our population has made exceptional demands upon the Provinces and the municipalities for services such as education, hospitals, health, mothers' allowances, homes for the aged, highways, municipal thoroughfares, public buildings and conservation projects. In addition it has committed the municipalities to large expenditures for sewers, sewage disposal plants and various works to increase water supplies and preserve water tables.

Now, sir, in connection with that may I emphasize as you have very properly, the impact and effect of international conditions on the Provinces and municipalities. I think that point is very well taken. May I add however, that the Provinces represented here, including the Province which I represent, have problems which in themselves are very very real; and in coming to this Conference it is necessary for me to point out that these are problems which are fundamental to the well-being of our people and must be considered in perspective by a conference such as this.

The fact that our population has been growing at an especially rapid rate at the two ends of the scale imposes an exceptionally heavy financial burden upon us; for while in the last dozen years the growth in our total population has been 30 per cent—rising to a total of 5,150,000—the number of persons 70 years of age and over has increased by 40 per cent and those up to the age of 15 years, by 60 per cent. Moreover, as an indication of what lies ahead, the number of children in the pre-school age group has increased by nearly 90 per cent. This increase is reflected in the mushrooming demand for both primary and secondary school facilities. In the coming years that demand will press with increasing intensity as the tide of school population overflows from the elementary and secondary grades into the universities. Our universities have increased from five to seven and within a decade we will be confronted with the necessity of doubling their facilities.

We are now providing many more classrooms, desks, textbooks and teachers. As a measure of our problem, I might point out that our provincial appropriations for education eleven years ago were only \$13 million; in the recent Session they totalled \$103 million, an increase of \$90 million. Next September, we shall need facilities for about 70,000 more pupils. At that time, our school population in elementary and secondary grades will have increased to 1,050,000. In the succeeding year, we will require schools and teachers for another 75,000 to 80,000 pupils. The Province's contribution has been increasing every year, and it must continue to be increased to keep the financial burden of municipal taxpayers within manageable dimensions.

The large increase in population that we have been experiencing is likewise accentuating the need for hospitals, both public general and mental. The number of patient days spent in hospitals is mounting rapidly. Moreover, we have not

[Mr. Frost.]

only to provide for increasing population, but to cope with a serious backlog of need resulting from the inability of the Province and the municipalities to maintain a sufficient rate of construction of hospitals in the 1930's and war years.

The industrial and population growth of Ontario has thrown a very heavy burden on our municipalities, which the Province has taken very positive steps to alleviate.

Now, sir, I introduced eleven years ago this March my first provincial budget and at that time our contribution to municipalities for all purposes was about \$18 million. This year, we have made provision for contributions totalling \$165 million. On the average, we are supplementing every \$2 of revenue raised from municipal sources by an extra \$1 from provincial revenue. It has been our endeavour to place our municipalities in a position where they can meet the demands with which they are faced and to avoid placing on the real property owners burdens which they simply can not shoulder. The municipalities, like the Province, have been and continue to be faced with a backlog of problems which arose during the depression and the war years.

I would say here, sir, let us not neglect the lessons of the past and revert to the chaos which resulted from the conditions in this country in the 1930's. Looking at the grave problems, which I think you very properly outlined, we have to examine them in the light of the component parts of our country, that is, the Provinces and municipalities, and see that we do not pass over the burden to them and cut off their right arms financially so that they cannot do the job with which they are faced and which each has to do. I have opposite me here, the Minister of Justice, who had great experience in that problem as the Premier of Manitoba a few years ago.

All of these services have required the expenditure of large sums of money, and it has been only by husbanding our resources in other ways that we have been able to keep the credit position of the Provincial and municipal governments on a sound basis. Our credit is, of course, of vital importance, for it is upon it that in very large measure depends our ability to do the tasks that lie ahead of us and play our full part in providing the high level of employment which the people of a young country with our possibilities have a right to expect.

Now, in referring to the matter of unemployment a few moments ago, I added the word "employment", and that is where I think the Provinces and the municipalities can carry this immense load, and do a tremendous job if their abilities to do that job are not curbed.

This year, the capital, maintenance and repair program for the Province, its municipalities and subsidiaries, such as the Hydro-Electric Power Commission, the Ontario Northland Railway and other Commissions, has reached a total of over \$700 million. This program is providing useful work for over 175,000 people in on-site and off-site employment. I am sure that the comparable figures for all of the provinces and their municipalities would be huge. It is, I think, an indication of what the provinces and their municipalities can do, not in dealing with the matter of unemployment, but in preventing that situation from developing in our country, providing the burdens placed upon them are not so great as to throw them back into the chaos of the 1930's. One of our tasks at this Conference will be to adjust loads so that we can all do our jobs effectively.

We welcome this Conference for the opportunity it provides for discussion, study and the solution of our mutual problems. The Federal system is a partnership and the price of its efficient operation is co-operation. The representatives of the Province of Ontario are attending this Conference with an open mind, subject, of course, to maintaining the basic conceptions of Confederation. We are not here to insist on the acceptance of any particular point of view. We are here to consider on its merits any proposals made by any Government.

We have come here as one of ten provinces. That we have problems is evident, but we also recognize that the Federal Government and the other provinces all have their problems as well. We are here as Canadians, sir, anxious to find solutions to them. The Federal system has served us well. Our desire is to preserve all of its essential elements and at the same time make it better serve the needs of our people.

Hon. MAURICE L. DUPLESSIS (*Premier of Quebec*):

Monsieur le premier ministre, MM. les premiers ministres des provinces, MM. les ministres fédéraux et provinciaux, MM. les délégués, il convient je crois, ou plutôt j'en suis certain, que les premières paroles du premier ministre de la province de Québec soient prononcées dans la langue française, la langue de la majorité de ma province, la langue dont les échos se sont répercutés dans toutes les provinces, et même au delà du Canada, pour enseigner et propager les bienfaits de la chrétienté et de la civilisation.

Nous sommes ici, monsieur le premier ministre, non pas comme des politiciens ou des partisans d'un parti politique, mais bien comme des citoyens canadiens désireux de coopérer, dans le respect des droits de chacun, au règlement des problèmes actuels, et sans aucun désir de créer d'autres problèmes au fédéral. (see Appendix "A" for English translation.)

Right Honourable Sir, Provincial Prime Ministers, Federal-Provincial Ministers and Delegates: Since the last meeting of the 1950 Conference in Quebec City, two distinguished Canadians have died. They were then representing their respective provinces. I am speaking of Angus Macdonald, of Nova Scotia, and Walter Jones, of Prince Edward Island. I had the pleasure of knowing Angus Macdonald more intimately than Mr. Jones. The Province of Quebec always admired his great qualities of mind and heart, his integrity, and more so his heartfelt and deep attachment to provincial autonomy. Mr. Jones was a very popular man who enjoyed the confidence of his electors for many years. To their respective families and very numerous friends the Province of Quebec extends her deep and heartfelt condolence.

The representatives and delegates of the Province of Quebec are not attending this Conference as members of a political party. We are coming here as Canadians desirous to help in the solution of Canadian problems, and without in the least having the idea of adding to or creating problems of the Federal Government.

The letters I received from the Prime Minister of Canada mentioned that this Conference is convened for two main purposes, namely, to decide the date for a general conference, and to decide on the agenda.

I have always believed in the old saying, "Actions speak louder than words"; accordingly my remarks will be very brief. I may state right now that the views of the Province of Quebec are so clear, so consistent, so constant, and so much based on common sense, that it is useless to repeat them. (Laughter) We in Quebec firmly believe in responsible government, and we believe that every government in this country of ours should have the full enjoyment of the attributes of responsible government, and also, to a certain extent, should the municipalities. The problem connected with municipal administration is a most important one, because obligations of the municipalities are increasing and their revenues are decreasing. I am convinced that everyone will agree that when we are called upon to study the fiscal problems that exist and concern central authority and provincial authorities, we should not forget that the municipal corporation forms an essential part of our democratic way of life.

Mr. Chairman, the number of subjects mentioned by the Prime Minister of Ontario is considerable. You yourself mentioned a few. Of course, I know that

[Mr. Frost.]

my friend Mr. Frost is not going to have an election this year, and did not make a speech in view of an election—I know that very well. (Laughter) I think that if we have too many matters to discuss we will succeed in bringing confusion, and that would not help the problems which everyone is desirous to settle. So, Mr. Chairman, would it be possible to have an agenda clear enough to be understood by everyone, long enough to cover the ground, and short enough to avoid confusion?

Sometimes I am called upon to read the newspapers from other provinces, and really and truly I do not recognize myself in the picture they make of me, I am certainly not the ogre I am represented to be in certain quarters. In the province of Quebec we are Canadians, true and faithful Canadians inspired by the desire to work for the welfare and prosperity of our country. We have contributed to the welfare and prosperity of this country in such a way that it cannot be denied. We wish to bring to the prosperity of our country and its people our hearts, our brains, and our resources, provided that this co-operation of ours is solidly based on the safeguard and full respect of the rights and prerogatives of each and every one. I hope the Conference will be successful. We will do our utmost to ensure its success and to discuss the subjects which should be discussed and which should not be too numerous so as to have time and facility to discuss them and arrive at a decision.

Hon. HENRY D. HICKS (*Premier of Nova Scotia*): At the outset, being the first of the novitiates to speak, I thank you, Mr. Chairman, for the kind welcome you extended to me and to those others who appear here for the first time as heads of Provincial Governments. I also thank very sincerely Premier Frost and Premier Duplessis for their warm and sincere references to my predecessor at these Conferences, Angus L. Macdonald, who was, as has been pointed out, a person keenly interested in the affairs of our country and with a real appreciation of the necessity for the autonomy of the Provinces of Canada. He might have said—I do not say it—that fortunately the situation of the Province of Nova Scotia did not enable the same course of action to be pursued that Mr. Duplessis found possible to pursue in the Province of Quebec.

I have been called upon to suggest the views of Nova Scotia as to, first, the date of the permanent conference. I merely dispose of that by saying that whatever date is set will certainly be agreeable to the Province of Nova Scotia, but that I should prefer sooner rather than late in the fall—perhaps the latter part of September might be better than October.

I have also been called upon to suggest what subjects we feel should be placed upon the agenda of that Conference.

First, I had intended to speak about the unemployment situation and the need for reconsideration on a national scale—as we in Nova Scotia believe—of the problems of looking after unemployed persons, whether employable or not. The Prime Minister has already intimated in more exact terms, than we expected, I think, the proposal of the Federal Government in this respect. We did, a few years ago, agree to a constitutional amendment that permitted the Federal Government to go into the field of unemployment insurance, and those measures have been, I think, remarkably successful throughout the length and breadth of this country. They have been so successful that any of us who were skeptical at the beginning of the entry of the Federal authorities in this field have been, or in my view should have been, reassured by the conduct of affairs since the initiation of unemployment insurance. Certainly, in a country like Canada the assumption of responsibility of this type by the government of all the people of Canada, the Federal government, is very important. As Premier Frost pointed out, in Ontario unemployment problems are not uniform throughout the province. This has been more particularly true, I think, in the province of Nova Scotia. Though our figures for unemployment do not vary

greatly from the average Canadian figure, in some parts of our province, notably in two parts of it, the situation has deteriorated to the point where some people can justly feel a measure of alarm—I was going to say concern. I think that we in Nova Scotia would be prepared to discuss the advisability of the Federal authorities going even more fully into the question of looking after unemployed persons. Unfortunately, the areas where the problem is apt to be serious are the areas which are least able to cope with the relief of unemployment. And while in the large provinces of Canada there may be a sufficient balance throughout the whole province to enable that province itself to contribute in a large measure, in some of the smaller provinces the problem can become—we certainly hope it will not—so great that in order to preserve a balance we would have to rely perhaps to a larger extent than 40 per cent or 50 per cent on participation beyond the boundaries of the province itself.

However, at this time it is probably not appropriate to try and break down the details of the proposal or the idea, the germ of which the Prime Minister has put before us, and certainly we can merely say that we in Nova Scotia agree completely that the urgency of this matter is such that if possible it should be disposed of during this conference today and in the day or days following. We would be unhappy to find it necessary to postpone consideration of unemployment matters until we reconvene in the fall.

I should like to point out just one other thing which is of concern to us in Nova Scotia also, namely, the question of employment as opposed to unemployment. Generally speaking, while unemployment figures in Canada have shown some increases, the employment figures across Canada have shown even larger increases. In Nova Scotia, the facts of our economy are such that while unemployment has increased only to about the extent of the Canadian average increases in unemployment, the employment figures have not increased at all and have probably dropped back slightly. I think we are one of two provinces in Canada where that situation obtains. This, of course, illustrates the point that I tried to make earlier, that it is even more difficult, therefore, for provinces in this situation to carry a large measure of the burden of looking after the unemployed persons.

This leads me to the only other point I want to mention in any detail, except the question of revenue and tax rental agreements, and that is the situation in the coal mines of Nova Scotia, which could make our unemployment problem of such magnitude that I doubt whether the provincial government could cope with it realistically. The coal mining industry in Nova Scotia employs directly at least one-tenth of the labour force of the province. Those persons dependent upon it directly and indirectly would perhaps be one-fifth of the population of our province, again concentrated in certain areas so that a disruption of this great industry would not be felt evenly throughout the province, but would make for great distress in some parts of Nova Scotia.

The loss of coal markets and threatened loss of further markets to our coal cannot unfortunately be compensated for, as in the case of the coal mining activities of the province of Alberta, by a reliance upon other great exports of fuels, such as oil or other activities in that line in so far as we have been able to discover them and to promote them at the present time. Therefore, if, as some authorities think, the production of Nova Scotia coals must drop back to 3½ million to 4 million tons it will displace perhaps half of those employed in coal in Nova Scotia and affect the livelihood of nearly one-tenth of the whole population of the province. This, of course, would be a serious disruption that we do not like to contemplate and that we fervently hope may be avoided by some means of keeping still active and useful and profitable an industry on which so many of our people have, by tradition for so many generations, depended for their livelihood.

[Mr. Hicks.]

The details of a problem such as this are such that probably I am not justified in taking too much time at this conference or at any Federal-Provincial conference of this type. I was therefore sincerely interested in Premier Frost's suggestion that we should establish what he called a Federal-Provincial Technical and Advisory Committee. It seems to me that such a committee might consider certain specific problems like this which challenge the resources of a given province beyond its means to cope with, but which at the same time, do not perhaps raise the general principles under which each provincial delegation should be called upon to occupy its time in discussions of this nature.

I turn then to the question of redistribution of the tax revenues of the people of Canada to the provinces of Canada which have been given effect to in the tax rental agreements and concerning which we are here met, in view of the expiration of the present agreements in the year 1957. I think that when the Fathers of Confederation met they devised what they believed would be the best form of government for Canada, and in so doing they adopted the Federal system and allotted jurisdiction, as we all know, over certain matters to the Federal government and over other matters to the provincial governments. Having assigned those responsibilities, they then gave to the respective governments financial means to discharge their responsibilities. As the Prime Minister said of this conference, he did not think that we should sit here this week or this year and plan for all time to come in Canada. I do not know whether the Fathers of Confederation thought that they were planning for all time to come in Canada or not. But it is only trite to say that the circumstances which obtained in 1867 no longer obtain today, and that the nature of the division of the revenues and tax resources of Canada have had to be altered many times since Confederation.

However, it seems to me the important thing is the principle on which they proceeded, namely, that constitutional responsibilities must be coupled with the financial ability to discharge the constitutional responsibilities. I suggest that the principle must be recognized by all governments if this Federal system is to work to the general advantage of all of the people of Canada. In the Nova Scotia submission to the Rowell-Sirois Commission it was stated that:

Under our Federal system the provinces have obligations to perform which cannot be performed by the Dominion. Yet their performance is of vital importance, not alone to the people of the province but to the nation as a whole. If the provinces fail in discharging their constitutional duties, the nation as well as the people of the province suffer.

Another great Canadian stated:

We believe that the unity and strength of Canada is equally dependent upon the soundness and strength of the provinces and their capacity to discharge their functions effectively. We believe that only when the provinces are relatively secure in their own sphere can we achieve the co-operation among all governments so essential to our country's needs.

If, therefore, we accept the proposition that the Federal and Provincial governments in discharging their constitutional responsibilities are simply discharging responsibilities to the nation as a whole, it must follow that the ability of a province to give to the Canadian citizens in that province, those Canadian standards of services and economic opportunities which Canadian citizens may rightfully expect, should not be circumscribed by the financial and economic disabilities of any particular province.

The Rowell-Sirois Commission found what they called:

The striking fact in the Commission's study of Canadian conditions is that many provinces, whose financial position is not the result of emergency conditions, are unable to find money to enable them to meet

the needs of their citizens. National unity and provincial economy must not be thought of as competitors for the citizens' allegiance, for in Canada they are but facets of the same thing, a sane Federal system.

These broad principles and broad statements are worth very little unless they have some application to our conditions as of today and as to our conditions in the foreseeable future.

Since most of these statements were made of course we have entered into tax rental agreements with the government of Canada. These agreements take into consideration two factors: First, the gross national product of Canada, and second, the population of our provinces. It has been suggested from time to time that such an agreement has the effect of placing each province in a position where it can adequately discharge its constitutional responsibility, but I cannot agree that that is in all cases a correct statement of the facts. The formula uses one factor which is common to all, namely, the gross national product, and a variable factor, namely, the population of each province. The formula therefore perpetuates the old idea of grants based on population, which is not a sound basis on which to apportion to the provinces necessary moneys for the discharge of their constitutional responsibilities.

What I mean is this. If the people of a given province pay into the Federal treasury in accordance with standards that apply all across Canada, the Federal authorities therefore have the revenue to discharge their responsibilities and from which they may return such portions as we can agree upon to the provinces concerned. But after the citizen of a given province has made his contribution through income tax, corporation taxes and succession duties to the Federal authorities, it does not necessarily follow that he is left with the same ability to contribute to the revenue of his provincial government. Our suggestion from Nova Scotia at this time is simply that this fact should be recognized in calculating the degree of assistance by the return of the grants to each province. In other words, if the moneys collected by the Federal government are returned to the provinces only in proportion to their population, but if the tax-raising ability of some provinces still remains less than others, the per capita return of grant still does not leave that province in a position to provide services up to the Canadian average or as nearly up to the Canadian average as I think we would all desire provincial government services to be. Could not, therefore, this Conference, when it reconvenes, give serious consideration to this matter and in the meantime designate some group to carry on detailed studies with a view to introducing into the formula for the return of revenues to the provinces by the tax rental agreements a factor that would have regard to the tax-raising ability of each province in Canada, and which would at least serve to bring up to the Canadian average, in some measure or other, the revenues of those provinces whose tax-raising ability falls below the Canadian average? For example, the return of revenues to the province might be further modified after considering the gross national product and the population of the provinces, by some factor that measured the wealth of the individual province concerned and its own productivity, or it could take into consideration the per capita incomes of the people in a given province and could further vary the return to the province concerned by multiplying its grant by say the ratio of the factor, relating a specific province to the same factor determined for the whole of Canada.

Again, I do not suppose it is appropriate at this time to carry this argument much farther but to give a simple example. Suppose we find that the ability of a certain province to raise taxes as measured by some of the means we have suggested is set at a figure of \$900.

[Mr. Hicks.]

Further, suppose we find that the average ability of Canada stood at the figure of \$1200. You would then multiply the grant to that province by \$1200 over \$900, in order to assist the provincial government to bring its services more nearly up to the Canadian average.

If we used as a measure of this per capita income the figures that I have quoted would be just about the figures that would apply to the province of Nova Scotia, since the average per capita income in Canada is \$1200 or thereabouts and the per capita income of Nova Scotia averages \$900. The result would enable the provinces whose economy lags behind the Canadian average, to meet the needs of provincial government services without increasing unduly the burden on the people. Let it be recognized that even after federal taxes have been paid, the average citizen of Ontario—and Premier Frost will pardon me for using his opulent province as an example—still stands in a better position to support the services of the provincial government than does the average citizen in some of the other provinces of Canada. Such an arrangement as I have suggested would benefit the Atlantic provinces; it would benefit the province of Quebec, if that province saw fit to depart from the view it has taken so far. It would also benefit some of the Western Provinces, although perhaps the fair way might be to take an average in that respect. We looked into that matter and found that in the case of the province of Saskatchewan it would benefit substantially one year, while in another year it would not benefit at all. That situation is, I presume, due to the fact that it is a wheat producing province.

It has been stated by others, and I have examined the proposition myself, that in order to give stability to any future tax rental arrangements in Canada, recognition by constitutional amendments might perhaps be given to these changes. I come to the view as stated here now because there may previously have been some misunderstanding as to the view of Nova Scotia in this respect.

However, it seems to me that others in Canada would be so concerned at any attempt to give effect to this by way of changes in the constitution, that probably we could not this year expect to make very much progress along those lines. Nevertheless, my province certainly wants to be assured of continuity in its financial arrangements. It is very difficult for a provincial government, such as Nova Scotia's government, which depends for nearly two-fifths of its revenue on grants from Ottawa, to know that every five years—just about the span of an election, Mr. Prime Minister—those agreements may have to be completely renegotiated, at the same time having no guarantee as to what will take place if the agreements cannot be successfully renegotiated.

I would suggest, therefore, that when the new agreements are drawn up, we ought to consider seriously incorporating in those agreements renewal provisions. In that way, any provincial government would know that if it could not successfully renegotiate an agreement after a five-year period, it could at least renew the existing agreement for another period of five years, three years, or whatever term might be agreed upon.

Before concluding I should like to mention one more subject, Mr. Prime Minister. I shall do so by referring again to Premier Frost's proposed federal-provincial technical and advisory committee. I only wish he could have had a simpler name for it.

Mr. FROST: You find a simpler name, and I will accept it.

Mr. HICKS: It seems to me there are many other problems which ought to be examined in the relationship of the provincial governments with the federal government, and with one another, and to do that some body might well be set up at the present time, and perhaps, as Premier Frost has suggested, on a continuing basis.

For example, I find that there is a certain amount of difficulty and embarrassment which sometimes arises out of the many grants and offers of grants that are made to the provincial governments on a fifty-fifty basis. Of course, these are all without a doubt most desirable, but it is not equally possible for people in every province of Canada to take advantage of a fifty-fifty offer. It might well be that further consultation could give greater assurance of satisfactory relationships involving these grants, provided by this and other governments, most of which are in the department of Health and Welfare, and some in other departments. For example, in the field of vocational training, we are just completing a ten-year agreement, and I understand from my advisers that the federal government now proposes to renew the agreement only on an annual basis. This, I think, makes it manifestly impossible for the provinces to set up a program and keep it operating smoothly, when they do not know that it will continue, except on a year-to-year basis.

I have already referred to the relatively small and not very disastrous withdrawal of the grant to assist physical education. I understand that some provinces in Canada had never placed any permanent civil servants in positions where they were dependent upon these grants. We in Nova Scotia, however, had found this service desirable and acceptable to our people. So that when such grant is withdrawn we find, having entered into a proposal made by the federal government, desirable as we admit it to be, we must now explain to the people of our province why we do not continue these services, or we must—as this time we found it possible to do—carry them on entirely at our own expense.

It seems to me, therefore, that some study of the details of these arrangements might profitably be entered into, and perhaps I could find myself, for the province of Nova Scotia, supporting Premier Frost's suggested federal-provincial technical and advisory committee for these purposes.

The main point, therefore, Mr. Prime Minister, that I want to advance at this time on behalf of the province of Nova Scotia is our conviction that in future tax agreements the return of moneys to the province ought to be varied, not only by a factor related to the gross national product and the population of the province concerned, but also by the introduction of some factor which would measure in an equitable way the tax-raising ability of the provincial government concerned.

I gave a few illustrations—and they were intended to be only illustrations—as to how this would work. I would not want anyone to think that we here were definite in suggesting that per capita income is the correct measure. I should think that that would be a problem that the Dominion Bureau of Statistics might be able to answer in a manner satisfactory to all of us. However, we are very serious in our expression of this need, which we think is fundamental to the enjoyment of good things by Canadian citizens in all parts of Canada, regardless of the provincial government to which they must look for the fulfilment of those services.

The CHAIRMAN: It is now five minutes to one. If this is a convenient time, I would suggest that we now adjourn, to resume, if it suits your convenience, at 2.30 this afternoon.

—The Conference adjourned at 12.55 p.m.

AFTERNOON SESSION

HON. HUGH JOHN FLEMMING (*Premier of New Brunswick*): Mr. Prime Minister and gentlemen: First, Mr. Chairman, may I extend to you, sir, my personal thanks for the warmth of your welcome to those who are attending these Conferences for the first time.

The Government of New Brunswick appreciates the opportunity to meet with representatives of the National Government and of other Provinces at this time. Although this meeting has for its principal purpose the compilation of an Agenda for a Federal-Provincial Conference, to be held at a date to be determined, it would seem likely, if not inevitable, that our thoughts will range over a wide variety of subjects of common interest to all Canadians.

We meet in a year of anniversary which marks the close of a tremendous decade since the War in Europe came to an end in the shambles of the shattered German cities. In yet another sense, we are reaching the end of the first ten years of the Reconstruction Period, inaugurated in 1945 with great hopes for the peace and security of all peoples.

Here, in Canada, we have much to be thankful for as we review the period which has passed since the collapse of Germany. Our economy has grown tremendously and the northward thrust of resource development has greatly extended the boundaries of our national future. With this wonderful development, of course, new problems arise, or rather the dimensions of old problems tend to increase, and these are the questions with which we must deal at this and other meetings of the two levels of Government.

New Brunswick has a number of proposed items which we feel should be included on any agenda involving Federal-Provincial matters. Naturally these vary in their weight and importance but all that we shall submit will be offered with the historic implications of this gathering fully in mind.

Our first proposal is that an important place on the agenda should be accorded to the principle of Federal Financial Assistance to the Provinces for the broad purposes of Resource Development.

Primarily, this proposal is designed to meet a situation with which most Provinces have grown acutely familiar during the post-war era of national development. During the period referred to, great progress has been made in the broad development of our national economy while, at the same time, social welfare measures, either entirely or in part supported from Federal revenues, have accomplished much toward a certain levelling of incomes. These successes, both economic and social have been substantial and as the Provinces gather after the interim I wish to pay tribute, where tribute is due, to those whose foresight and administrative ability have made these policies principal objectives of Canadian nationhood.

Yet, Mr. Chairman, most of us will admit that certain deficiencies and weaknesses in this course of national development have become very evident. It is true that Canada as a whole gained in prosperity and social security and all Provinces have made considerable progress since 1945; yet, at the same time, the discriminatory features of our Federal system have not been overcome and, in some respects, have tended to grow greater over the years.

New Brunswick has derived considerable benefits from Federal social security provisions and no doubt this is true in any province where the low income groups are relatively great in number and the per capita income tends to be low. Yet, although supplementary family income from social welfare sources is welcome and useful in raising regional standards of living, the fact remains that such matters still depend and must always depend upon the

regional economy in the final analysis. It will be the submission on behalf of our Province that this matter can only be dealt with by a national policy specifically designed to improve regional income through helping to increase the productive capacity of areas which fall below certain indices to be determined.

At this point, I would exchange principle for concrete example by mentioning the great problem which confronts the Government and people of New Brunswick at the present time. I refer to our vital need for relatively cheap power. This question has none of the academic qualities and values of constitutional and ethical discussions. It is a matter of economic life or death and any representative of the Province would be derelict in his duty if he failed to call the matter to the attention of this gathering at the earliest possible opportunity.

As many present have reasons to know, our Province has made great efforts over the past few years to secure Federal assistance in meeting the demand for more electric energy at lower cost and we have been told that compliance with our request would contravene national policy and that there is no provision for it in the articles and conventions which bind the nation and its component provinces together.

I do not propose to argue the questions of whether these decisions have been right or wrong, just or unjust, expedient or inexpedient. Our proposal at this time is for the purpose of giving the matter of Federal Assistance to the Provinces for Resource Development the place and importance which it undoubtedly deserves so far as New Brunswick is concerned.

The base metal discoveries in our Province during the past few years are immense in volume. Proven deposits in the Bathurst and Newcastle areas are in process of development and large metallurgical and chemical industries are definite and distinct possibilities. Large deposits of manganese running into millions of tons have been discovered in Carleton County on the western side of the Province.

Our huge oil shale deposits in Albert County are presently being examined with a view of being processed for useful and necessary purposes.

The Government of New Brunswick will not stand idle by and allow these natural resources to lie dormant—neither will we abjectly accept the principle that they must be processed outside our Province, for lack of cheap power. We submit that Federal authority should never think of allowing this valuable natural wealth to be defined outside Canada. Cheaper power is the key which will unlock this treasure chest, located in New Brunswick and make the treasure available for the benefit, not only of our Province but of all Canada.

I therefore request, speaking for the Government of the Province of New Brunswick, that the Agenda of the forthcoming Conference contain an item entitled:—

“Discussion of National policy of Assistance to the Provinces for Resource Development.”

The second matter which New Brunswick wishes to see placed upon the agenda concerns the advisability of inserting, in future Federal-Provincial agreements, a factor which would take into consideration the differences in taxable capacity among the various provinces.

I am quite sure this matter was very well and ably dealt with by the Prime Minister of Nova Scotia this morning, but I have it in his paper, and I will not deal further with it.

Under the present Provincial Agreements, the tax revenues derived from the tax sources, remaining under provincial jurisdiction, vary almost directly among provinces with the level of per capita personal income. In our case, this is

[Mr. Flemming.]

very important due to the fact that the per capita income of the people of New Brunswick has been and is much below the Canadian average. To be specific, personal income, in 1953, was only \$757 per capita in New Brunswick or approximately 62% of the all Canadian average of \$1,224. It is a matter of great interest to review the percentage relationship of per capita personal income during the past twenty-five years and to find that our Province is lower today, in that respect, than it was in 1929. This is a situation which the New Brunswick Government will never agree should continue without exhausting every possibility of improvement. We will never consent that our people should occupy an inferior position to the rest of Canada.

In this connection it is of interest that the Royal Commission on the Financing of Schools in New Brunswick has recently issued its report. One of its terms of reference read as follows:

(e) "the relative tax paying ability of the Province in comparison with the other Provinces of Canada."

In connection with this reference the Commission reported upon the statistics and information which had been gathered in the following terms, which we find on page 86 of its Report:

They establish, not for the first time, the fact that there are gross discrepancies in the ability of the provinces to pay for education or for any other service, and that New Brunswick ranks among the lowest in degree of ability. It cannot be asserted that this province is not making an effort; on the contrary, as established and pointed out, it is making the greatest effort, in relation to its personal income, of all provinces.

We concur with this quotation from the Report of the Royal Commission. Our educational costs are mounting steadily. Primary and Secondary schools absorb more and more of provincial and municipal revenue, while the problem of maintaining universities in our Province is becoming ever more difficult. Our expenditures for health and social services are increasing from year to year. Expenditures on the increase! Personal income steadily declining in comparison! Again I quote the Royal Commission on School Financing. To us in New Brunswick this quotation is particularly apt since it refers to the economic as well as the educational situation. The quotation referred to reads as follows:

Your commission contends that it is not merely a legitimate but a necessary function of the Government of Canada to stimulate economically sound projects by means of large capital grants to the Province concerned . . . if the National Government does not adopt a policy of capital assistance to our needed power development, then some of our newly won consciousness of being a Canadian nation is likely to disappear in a resurgent regionalism. The commission does not fancy that the people of New Brunswick relish becoming a scenic dependency of Canada.

Another aspect of relative taxable capacity deserves consideration at the Conference. I refer to the problem of maintaining Provincial government expenditures during a business recession.

It is now accepted economic doctrine that government expenditures should be maintained and, if possible, expanded during a business recession so as to assist in maintaining the general level of economic activity. The White Paper of 1946 on Employment clearly stated this to be the policy of the Federal Government.

However, it would be almost impossible for any provincial government to carry out a policy of this nature under the present Tax Rental Agreement. The size of the payments vary directly with Gross National Product and the revenue sources left to the provincial governments are all highly vulnerable to a decline in income and employment.

What I have said about the lack of taxable capacity for our Province also applies in the case of New Brunswick municipalities. The trend in municipal finances indicates that local authorities are becoming increasingly dependent upon grants and subsidies from other levels of government in order to meet their traditional responsibilities as well as the new demands upon them. Inadequate transfers of income from the Federal authority in turn prevent the Province from making transfers to the municipalities, upon a scale adequate to their needs. Furthermore, in the event of business recession the demands upon municipalities would greatly increase. The problems of municipalities is another reason for considering the principle of taxable capacity. I submit, therefore, agenda item as follows:

That taxable capacity of the provinces be a consideration in determining annual grants.

A third subject which New Brunswick wishes to see placed on the agenda relates to the special awards which were made to the Maritime Provinces as the result of the Duncan and White Commissions in 1927 and 1935 respectively. As is well known, both these Royal Commissions recognized that the Maritime Provinces had valid claims on the Federal Government by virtue of the fact that they had received no extra provincial public lands as had other provinces. The recognition of this claim was an important factor in the increased subsidies which were granted to the Maritime Provinces on the recommendations of these Royal Commissions.

Many unforeseen changes have taken place since these awards were made and the depressed economic conditions of that time should be considered. Today, the hinterlands referred to have become tremendously valuable to the provinces acquiring them and, as we all know, the exploitation of their natural resources has only begun. Upon the other hand, the Maritime Provinces are forever prevented from adding to their wealth in this way, owing to their geographical location.

These areas which were considered of questionable value for many years have now become fields for large capital investment and the scene of spectacular resource development with resultant large increases in the tax revenues accruing to the fortunate provinces concerned. This new situation in regard to this long-debated question—the validity of which was clearly recognized in the recommendations of the Royal Commissions referred to—demands reconsideration and review at this time and it is the submission of our Government that this matter be inserted in the agenda for the proposed Conference under the following heading:

Reconsideration and review of the Duncan and White Commission awards.

Mr. Chairman, our fourth item is the whole subject of national highway policy which should be included among the subjects of extensive consideration. Our Government has co-operated to the fullest possible extent, commensurate with our limited financial resources, in the Trans-Canada Highway Project, but the completion of the New Brunswick section in anything like the time envisaged by Federal authorities, is beyond our capacity—especially with the large capital commitments required for our power development. I have some reason to believe that other provinces are faced with similar difficulties and have the same misgivings about future construction; therefore, I feel that serious attention should be given to the possibility of a considerable revision in the present Trans-Canada program—revision designed to meet the realities of our present national situation.

In this connection, it is well to remember that Trans-Canada construction is only one phase of the whole problem. The great increase in the number of motor vehicles and, particularly in the numbers and sizes of large heavy buses,

[Mr. Fleming.]

trucks, and trailer-truck combinations is of special significance and is creating a very great and urgent problem. Roads only recently constructed are proving inadequate. Present bridges were never intended to carry such concentrated loads. New Brunswick is covered with a network of rivers, lakes and streams requiring thousands of bridges, a fact increasing our difficulties.

Adequate international and interprovincial highways, in addition to Trans-Canada, clearly constitute a matter of national importance and we feel that there are other sound reasons to justify federal participation in constructing this class of highways.

The fifth item which the Government of New Brunswick feels should be placed on the agenda is the laying down of a comprehensive national policy to deal with the problem of unemployment. A policy of this kind can only be carried out under the vigorous leadership of the Federal Government. Unemployment must be dealt with in two ways:

- (1) The implementation of proper fiscal and monetary policies by the national authorities. This should include a program of capital grants to the Provinces and to the Municipalities so that public investment may be expanded as unemployment reaches critical proportions;
- (2) The responsibility for the relief of the unemployed should be taken over by the Federal Government. Neither the provinces nor the municipalities have the resources to deal with this problem during a business recession. It will, of course, be remembered that this was one of the principal recommendations of the Rowell-Sirois Commission.

There will undoubtedly be recommendations from other provinces which we shall support for inclusion on the agenda. As a matter of fact, we pretty much agree with all that has been said up to now so far as supporting the proposals for an agenda is concerned.

In summary, then, I specifically request that the following items be placed on the agenda of the Federal-Provincial Conference:

- (1) Federal Assistance to the Provinces for the Purposes of Resource Development.
- (2) Future Tax Rental Agreements should include a factor which would take into consideration the difference in taxable capacity among the various provinces.
- (3) Reconsideration and review of the Duncan and White Commission's awards.
- (4) Extension and Revision of the Trans-Canada Highway Program.
- (5) A national policy to deal with Unemployment.

Mr. Prime Minister and Gentlemen: We come here as New Brunswickers, but also as Canadians. We feel that with goodwill, patience and a sense of our responsibilities we can arrive at solutions of our problems at this meeting and at the later conference for which this is preparatory—solutions that will prove workable and reasonably satisfactory to us all, and will enable the Federal and Provincial Governments to carry out their responsibilities and provide for every Canadian a fair measure of services and economic opportunities.

The CHAIRMAN: Mr. Campbell.

HON. DOUGLAS CAMPBELL (*Premier of Manitoba*): Mr. Prime Minister and Gentlemen: I would like to first express the appreciation of my colleagues and myself of the holding of this timely meeting. It is always a pleasure for the Manitoba representatives to join with those of the Federal and other Provincial Governments in a discussion of our several and mutual problems

and plans. We are glad to take part in this effort to find solutions to the former and to co-operate in the latter for the benefit of our individual provinces and the nation as a whole.

We have come to this gathering with the understanding that it is primarily intended to decide on the agenda for a later meeting this year. If it is found possible or desirable, in addition, to settle or make progress in the discussion of certain specific subjects, we shall, of course, be happy to enter into such discussions.

Our Government feels that it is fortunate that this meeting can be held under more favourable circumstances than those prevailing at the time of the 1945 and 1950 Conferences. In both those years the international situation was such that the potential and actual requirements of national security and defence compelled an unfortunate curtailment of the range of subjects dealt with by those meetings. It is to be hoped that the comparatively favourable circumstances in which we find ourselves today will enable this gathering to address itself to all problems now demanding solution, and to plans which will safeguard our position in the future.

I am sure that other provinces have found, as we in Manitoba have found, that in the post war years there has been a great increase in the demands for expanded public services. I believe it is fair to say that this pressure for increased government services has been mainly in the field which is constitutionally a provincial responsibility. Some of these major and as yet unsolved problems are within the scope of the 1945 Federal proposals. It is our feeling that present conditions are such as to not only permit, but to require this conference to deal with proposals of equally broad scope.

Mr. Prime Minister, we wish to propose the discussion of at least the following five main general points:

- (1) The achievement of a Federal-Provincial fiscal arrangement whereby the respective provinces may, through uniform taxes collected on a nationwide basis, be assured of sufficient revenues to meet the mounting cost of provincial and municipal services.
- (2) The formulation of policies and programs designed to further the economic development and welfare of the nation especially as related to the role of our basic natural resources as the primary source of our real wealth.

In this connection, may I say that we would be pleased to see a Royal Commission appointed to study the future economic growth of Canada. We would, however, not wish to see this Federal-Provincial Conference avoid discussions of any relevant subjects which may lie within the terms of reference of any such Royal Commission.

- (3) The stabilization of employment and business activity by Federal Government programs and the acceptance by the Federal Government of full responsibility for such measures and for the relief of unemployment.
- (4) The significance of current and future social security, welfare and health programs and the incidence of responsibility therefor.

In this connection, we urge that special attention be given to those programs financed jointly by the Federal and Provincial Governments. We are very much concerned over incidents in the past of the announcement by the Federal Government of the commencement, alteration or termination of certain shared cost programs without adequate prior knowledge on the part of the province. It is easy to visualize the disruptive effect on a provincial budget which results from the unexpected announcement of a Federal program involving major expenditures by the province.

[Mr. Campbell.]

While it is a fact that in each case the province is free to elect not to participate in such a program, experience has demonstrated that it is both difficult and embarrassing for a provincial government to refuse to join in such a program regardless of the resultant budgetary difficulties. In practical effect any such action on the part of the Federal Government diminishes the control of the Province over its own budget.

Also, we would like to propose the discussion of the proposition that:

- (5) The importance of attaining an adequate standard of education throughout Canada both necessitates and justifies substantial contributions by the Federal Government toward the meeting of rapidly increasing educational costs.

We have, Mr. Prime Minister, prepared a much more detailed list of suggested agenda items, but for the sake of brevity and simplicity we now propose only the foregoing main headings under which we intend to introduce the more detailed subdivisions at the appropriate time. We realize, too, that even some of our main general points are interrelated.

Mr. Prime Minister, I am sure that there can be no doubt of the value of Federal-Provincial Conferences. Canada is one of the largest and most rapidly developing countries of the world. All of us rejoice in the magnificent contribution it has already made and is destined to make in world affairs. But to make that contribution the maximum possible we must attain complete understanding and co-operation within Canada itself. I firmly believe that gatherings such as this will do much toward the attainment of that objective. We think, however, that these meetings can be made more fully effective by including those engaged in another sphere of government. We therefore propose that municipal representatives be invited to the Federal-Provincial Conference when it is held later this year.

Like the Provinces, the municipalities face tremendous problems in meeting the growing needs of education, public works, public investment, unemployment relief, housing, health, welfare and other services. Participation by their representatives will ensure that their viewpoints on these vital questions will be clearly presented to the Conference by those engaged directly in local government.

In conclusion, I wish to give full assurance that the Government of Manitoba will do everything possible to facilitate the progress of this Conference to a harmonious and useful conclusion.

Hon. W. A. C. BENNETT (*Premier of British Columbia*): Mr. Prime Minister and Gentlemen: First of all, I want to express thanks on behalf of British Columbia on your inviting us to this conference. This is the first conference of this nature that it has been my privilege to attend. I wish to say that we bring nothing but goodwill to you, sir, representing the national government and to all the provinces of Canada.

It was very thoughtful of you, sir, to place me next to my native province of New Brunswick because as I listened to the Premier of that Province talking about the figure of \$750 per capita income in his Province compared with our figure of \$1,800, I realized some of the problems of my native Province of New Brunswick, and perhaps they are some of the reasons why I and others left that great Province, and why I also left some of the thoughts and ideas with which I was associated in my youthful days.

I also wish to say that we of British Columbia were especially pleased with your opening remarks. We were pleased with what you said regarding the Federal Government's new attitude to unemployment. You will recall, sir, that you and I have had certain correspondence during the year on

this particular question. While I suggested a certain formula at that time, perhaps some of the other provinces might think that that formula was too generous on the part of the Province, I say that we in British Columbia are not so greatly interested in the percentage as we are in the Federal Government participating in that field at once. It is our hope that this conference will go far beyond an agenda conference and deal with this problem at this time while your house is in session. If you need to change your legislation in any way, then it can be done now before we face a more severe unemployment situation in parts of the country during the coming fall and winter.

As I say, we are not so much interested in the percentage as in the Federal Government participating in the field of the employment of employable people who cannot find employment, and to enter it without any floor. In other words, that you do not have to find certain levels of unemployment before the Federal Government recognizes unemployment. If there is unemployment in the country, I think the different levels of government should participate in the problem immediately.

I say again, we are more interested in the amount of help that these people are going to receive in dollars, than in the percentage of help. For instance, we would rather see the federal government pay 40 per cent of \$100 than 60 per cent of \$40. We believe that giving these people a little handout is not sufficient for a great and rich country like Canada.

We from British Columbia bring to this conference a spirit of optimism. Our province is expanding and is more prosperous than at any other period in its history. Our province does not agree with the point of view just because we might face a war sometime that we have to conserve our resources for that purpose. We say that the developing of our resources, the building of highways and so forth, helps to build this country and make it stronger and better able to meet the problems of the future, whether they be in war or peace. We in this rich country can afford to do both, and we should hesitate no longer.

The Prime Minister from Ontario gave a very large figure representing, as I understood him, the cost of education in his province. If I followed him correctly, Mr. Prime Minister, Premier Frost said that with a population of 5,100,000 people the cost of education from the primary up to the high school, amounted to \$103 million. That is small in comparison with the relative cost in our province. With a population of approximately 1,300,000 people, our cost is in excess of \$59 million. Indeed, the cost of education to our provincial government this year is greater than the total budget of our province for the year 1944-45. The amount of money that the province of British Columbia pays for hospitalization is greater this year than the total provincial budget in any prewar year.

Therefore, we say if the federal government has new and greater responsibilities, and needs funds for those purposes, so do the provinces. In this enlightened day, and in this rich country, the provincial governments within their jurisdictions need revenue to look after their affairs, as well as does the federal government. If the province of British Columbia needs that contribution, then I think my own native province of New Brunswick needs it perhaps a little more. Therefore, I would support not only the brief of my own province but the brief of the province of New Brunswick. We in British Columbia are not at all narrow in our view. We seek nothing for ourselves that we do not want for the other provinces of Canada. Some of the other provinces have not as great resources as we have, we are anxious that they share the benefit of the general prosperity of Canada.

In our brief, Mr. Prime Minister, we have incorporated some definite suggestions. In order to condense them and to keep my remarks short, I shall read our proposals. Throughout these recommendations I shall make certain

[Mr. Bennett.]

quotations, the source of which will be indicated as being from either the "White Paper on Employment and Income, April, 1945" or the Dominion-Provincial Conference on Reconstruction "Proposals of the Government of Canada, August, 1945".

Our proposals are as follows—Quotations indicated in text are catalogued numerically immediately following this submission.

Dominion-Provincial Conference—April 26, 1955

WHEREAS during the proceedings of Dominion-Provincial Conferences held since 1941, it was submitted by the Government of Canada and is agreed to by the Province of British Columbia:

(a) THAT the basic aim of these Governments "is the extension of opportunity, welfare and security among the Canadian people" ¹ through the building "of an ampler and more stable Canadian economy" ².

(b) THAT during the past fifteen years Canada has amply demonstrated that there are tremendous natural resources available for effective utilization and conservation by a vigorous people who have proven their collective initiative and energy to attain a constantly expanding economy and a higher standard of living for all.

(c) THAT the Government of Canada has adopted "as a primary object of policy to maintain a high and stable level of employment and income" ³ which requires the active co-operation of all governments and groups in the country for success." ⁴

(d) THAT a high level of employment and income should primarily be attained through private initiative, private investment, and normal Government investment; but that supplemental investment by all Governments on productive or socially useful works should be instituted where necessary to reduce seasonal and cyclical unemployment. Provided that, wherever useful Government investment is not practical or insufficient to attain high employment, the Government of Canada should establish a system of unemployment assistance for able-bodied unemployed persons who have no benefit rights or who have exhausted their benefit rights under the Unemployment Insurance Act. ⁵ — and we would be glad to share in that cost.

AND WHEREAS adequate provision for general public services, as well as public investment by Canada and the Provinces must depend upon the yield from a tax or revenue system imposed pursuant to the normal exercise of their respective constitutional rights and the retention of their responsibilities. "Any financial arrangement between the said Governments must perforce be such as to strengthen, not weaken, the Federal system established in the Constitution": ⁶ and, therefore, "they must be such as will give to the Provincial Governments a dependable financial basis on which to operate, and assure them of freedom to make the decisions on matters for which they are responsible, independently of the Government of Canada." ⁷

AND WHEREAS The British North America Act authorizes both the Government of Canada and the Governments of the Provinces, separately or jointly, to cultivate the corporation income tax field, the personal income tax field, and the succession duty field; and that any equitable financial arrangements

¹ Canada: Minister of Reconstruction. "White paper on Employment and Income, April 1945" p. 1, lines 1-2.

² *Ibid.*: Page 1, Lines 9-10.

³ *Ibid.*: Page 1, Lines 18-20.

⁴ *Ibid.*: Page 1, Lines 26-28.

⁵ Canada: Dominion-Provincial Conference on Reconstruction. "Proposals of the Government of Canada, August 1945", Page 44, Col. 1, lines 8-11.

⁶ *Ibid.*: Page 48, Column 1, lines 42-46.

⁷ *Ibid.*: Page 48, Column 1, lines 40-42.

between Canada and the Provinces "should make possible at least an adequate minimum standard of services in all Provinces, while not denying to any Province the advantages which its resources give to it nor the freedom to establish its own standards." ⁸

AND WHEREAS the Government of Canada recognizes that "taxes on profits from mining and logging operations are closely bound up with each Provincial Government's management of and expenditure on its forest and mineral resources" ⁹ and Canada has conceded "the Provincial Government's priority in this field by treating such taxes as a cost for Dominion tax purposes, on a par with levies of the royalty type." ¹⁰

AND WHEREAS British Columbia further submits that all Provinces are levying use and consumption taxes which constitute a prime source of revenue for essential services, and it is desirable in the public interest that the right of the Provincial Governments to levy such direct taxes be confirmed by statutory amendments to the British North America Act.

THEREFORE IT IS RECOMMENDED that the following be included for consideration on the agenda of this Conference:

I. Corporate and Personal Income Taxes and Succession Duties

Alternate A

THAT WITH RESPECT to Provinces who deem it desirable and expedient to enter into an Agreement with the Government of Canada for the joint cultivation of the said revenue fields in order to establish uniformity in:

- (i) Tax legislation;
- (ii) Tax incidence; and
- (iii) Integration and simplification of administration and collection of the tax revenues;

the Agreement substantially provide:—

(a) THAT Canada levy Provincial tax rates on behalf of the agreeing Provinces, as part of Federal over-all tax rates, to yield revenues at least equal to those which would accrue in 1955 if a level of cultivation used by a Province in 1941 were re-established at present levels of national income; provided, however that consideration be given to the following levies by Canada on behalf of the agreeing Provincial Governments:

1. Personal Income Tax—a graduated scale ranging up to a maximum Federal taxable income rate of 10 per cent; the incidence of which, in effect, would approximate a levy of 3 per cent for the province on net taxable income;
2. Corporation Income Tax—5 per cent on net taxable income up to \$20,000 and 10 per cent on taxable income in excess of \$20,000;
3. Succession Duties—a graduated scale, depending on blood relationship, comprising 50 per cent of current Federal rates.

(b) THAT with uniformity in legislation, the Department of National Revenue for Canada act as the agent of the Provinces in the administration of the law and the collection of taxes.

(c) THAT Provincial tax rates, which are levied as part of over-all Federal rates up to the agreed permissive level, would not be deductible from Federal taxes during the period of the Agreement.

[Mr. Bennett.]

⁸ *Ibid.*: Page 48, Column 1, lines 34-38.

⁹ *Ibid.*: Page 49, Column 2, lines 3-4, 5-7.

¹⁰ *Ibid.*: Page 49, Column 2, lines 25-28.

(d) THAT the taxes collected on behalf of each Province be paid to that Province quarterly, net of a reasonable share of collection costs. In other words the provinces would pay their reasonable share of collection costs.

(e) THAT the Agreement be operative for a period of five years.

Mr. Prime Minister, our province views with alarm the suggestion of accepting arrangements which operate for one year only. No provincial government can plan for any number of years on a one-year agreement. We feel that on fiscal matters, the agreement should be made for a period of a minimum of five years.

Alternate B.—(Agreement Not Based on Tax Potential)

THAT a Province may elect to continue a tax rental agreement with Canada on the same terms as those now in effect, provided that the tax rates of Canada within that Province be equal to over-all Federal levies as provided under Alternate A.

Alternate C.

THAT a Province may elect to levy its own rates and collect its own revenue on personal income, corporation income or succession duties and that deduction of these levies will be permitted from Federal levies up to the uniform level of the rates levied on behalf of the Provinces which elect Alternate A.

II. *Taxation Reflecting Royalties*

THAT the Provincial taxes on profits from mining and logging operations as recognized by Canada, as a royalty, be deductible from Federal corporate income levies.

THAT like tax arrangements be provided with respect to net taxable income from natural gas and petroleum operations.

III. *Use and Consumption Taxes*

THAT the right of Provincial legislatures to levy direct consumption and use taxes, such as gasoline, amusement taxes and taxes on retail sales be explicitly confirmed.

IV. *Joint Public Investment*

A. THAT this Conference unanimously support the 1945 proposal "to develop the national resources, add to its capital equipment, and raise its conditions of living to provide employment to the extent possible when private employment is slack" ¹¹ and joint Federal, Provincial and Municipal financing of these projects, wherever possible. It being agreed "that public investment, if it is to be effective, must be in useful things and efficiently carried out" ¹² and "must not be of a nature competing with and replacing private investment" ¹³ and "Provincial and Municipal timing of expenditures should be co-ordinated with Federal expenditures to compensate for fluctuation in private investment and employment."¹⁴

B. It is further agreed that joint public investment "has a major role to play in the conservation and development of mineral, forestry, agricultural and fishery resources, the improvement of transportation facilities, and construction of public buildings and equipment required for general Government services or particular Government welfare programmes", ¹⁵ that the expansion of employment and income is dependent on government expenditure directed to

¹¹ *Ibid.*: Page 21, Column 1, lines 23-27.

¹² *Ibid.*: Page 21, Column 1, lines 36-37.

¹³ *Ibid.*: Page 21, Column 1, lines 33-34.

¹⁴ *Ibid.*: Page 21, Column 2, lines 12-16.

¹⁵ *Ibid.*: Page 21, Column 2, lines 18-24.

the permanent expansion of the productive wealth of the country and better access thereto; and, that desirable projects must provide for normal annual development which can be expanded to offset cyclical unemployment, or adjusted seasonally to offset winter unemployment.

C. THAT while the administrative control of natural resources is, under the British North America Act, the responsibility of the Province, nevertheless a workable method of co-operation between the Federal, Provincial and Municipal Governments to encourage development should be formulated. It is submitted that the proposals of the Government of Canada for co-ordinating public investment as given on Pages 23 to 27 of the Proposals of the Government of Canada of August, 1945, can reasonably constitute a basis for discussions with respect to a joint programme.

D. It is recommended that joint public investment projects be financed jointly and equally by the Provinces and Canada.

E. THAT the financing of joint investment projects in municipal territory be shared on the basis of 40 per cent by Canada, 40 per cent by the Provinces, and 20 per cent by Municipalities. The Municipal share of such public investment costs to be financed by a loan from Canada at a rate not in excess of 2 per cent per annum, with the Provinces guaranteeing repayment to the national government.

F. That where a joint investment project is substantially in the national interest, and where regional costs are abnormal because of physical or geographical conditions, consideration be given by Canada to the bearing of a share greater than 50 per cent. (e.g. Trans-Canada Highway which cost British Columbia more than a million dollars a mile for some portions.)

V. *Provision of Unemployment Assistance.*

1. THAT the Federal proposal of August, 1945, to "establish a system of unemployment assistance for able-bodied unemployed persons who have no benefit rights under the "Unemployment Insurance Act" ¹⁶ and for those who have exhausted their rights under that Act be implemented immediately.

2. THAT Federal-Provincial co-operation in the fields of vocational guidance, farm labour, and placement of physical handicapped, be expanded.

VI. *National Health Program*

THAT the proposals of Canada for health insurance embodying medical, hospital, dental and pharmaceutical services is a major and integral part of an effective social security program for the people of Canada, and insofar as possible, the proposals of Canada of August, 1945, should again be considered. ¹⁷

VII. *Continuing Committee on Federal-Provincial Joint Public Investment, Financial Arrangements and Tax Administration.*

1. THAT a joint Federal-Provincial continuing committee be established comprising two representatives from each Province and two on behalf of Canada.

2. That this Committee should constitute a permanent consultative group to meet regularly to study, review, report and recommend on undertakings or proposals related to matters hereinbefore referred to.

As I said before, Mr. Prime Minister, our province is very anxious that this conference be more than just a preliminary conference, and that we should deal especially with the question of unemployment in such a way that if legislation is required, it could be passed at this session of parliament. I should like to say further that should it be deemed necessary to hold this conference over for another week or to adjourn it to a future date, our province will be glad to come back at such time.

[Mr. Bennett.]

¹⁶ *Ibid*: Page 44, Column 1, lines 8-11.

¹⁷ *Ibid*: Pages 28-33.

May I say thank you for this privilege of attending for the first time a Dominion-Provincial Conference.

Mr. FROST: Mr. Prime Minister, may I ask Mr. Bennett a question? I should perhaps have been following him a little more closely, but I failed to grasp whether he said that the \$103 million which I mentioned was the total cost of education or the province's contribution.

Mr. BENNETT: I was not exactly clear on what you had said.

Mr. FROST: The reference in my statement was to the provincial contribution, and not to the whole cost.

The CHAIRMAN: I now call on Mr. Matheson.

Hon. A. W. MATHESON (*Prince Edward Island*): Mr. Prime Minister and gentlemen. First may I thank you for your kind words to me as one of the new men to sit around this table.

I should also like to thank Mr. Frost and Mr. Duplessis for their kind reference to the late Premier Jones. Mr. Jones, as has been said, had the confidence of the people of Prince Edward Island for a long time. His splendid contribution to the agricultural economy of our province endeared him to the people. His untimely death took away from those of us who succeeded him the benefit of his advice. He was always looking into the future with glowing hope for Prince Edward Island. I am sure today we would welcome his guidance and advice a great deal.

Mr. Prime Minister, many of the subjects that I had in mind have already been presented to this conference by those who have spoken before me. Therefore, I will be as brief as possible on these subjects and try to summarize them without repeating what has already been said.

We are extremely interested in the financial relations created by the federal-provincial tax rental agreements. Many of the other problems which confront us at the present time could be resolved if a financial arrangement or formula could be developed to include in addition to a basic minimum, an equalization grant to those provinces now finding it difficult to provide the funds necessary to meet minimum government requirements.

I was interested in the proposal presented by Mr. Hicks of Nova Scotia. I am sure that when that proposal is considered at greater length, something can be worked out that will be of benefit to the let us say "have-not" provinces.

The term of the present agreements is five years. This has already been referred to by others. It is not advantageous to a province like Prince Edward Island. If there should be a cancellation or withdrawal of the agreements at any time on short notice, it would place quite a burden upon the Province to meet its budget requirements. I am of the opinion that longer-term agreements would be more advantageous to the contracting parties, but I definitely agree with the opening remarks of the Prime Minister that these agreements should not be rigid—the terms should not be rigid, because conditions change; they should be flexible enough to meet changing times and changing conditions. We see that even in a five-year agreement there are changes in conditions, and they are such that we may sometimes regret the bargain we have made. If the present type of agreement is to continue on a five-year period, or for say another ten years, then to be withdrawn, or possibly found difficult to re-negotiate, it would make a Province like Prince Edward Island so very dependent upon the grant, that we would find our second position more difficult than our first.

Now, I want to point out that I am not suggesting for one moment that we cancel or withdraw the grants in their present form, but I think that possibly some more permanent arrangement could be worked out that would be more

beneficial to Provinces with limited resources, such as Prince Edward Island has. In the light of past experience it would of necessity have to be elastic enough to provide for, as I said, the changing times and changing conditions.

The problem which disturbs us in Prince Edward Island is the one that has already been referred to by several, that is, the grants made for certain projects by the Federal Government for items which they consider of national importance. Although a Province is reluctant to accept these grants, it is almost a necessity in most cases, at least, for a Province such as Prince Edward Island. We accepted the physical educational program some years ago, and that program has now been withdrawn. I understand that at the present time there is some discussion of the vocational training program being withdrawn. If that program is withdrawn it would definitely affect the educational training program we have in operation in the province at the present time.

In the year 1948, as already mentioned by Mr. Frost and others, the Government of Canada instituted the health grants. We in Prince Edward Island were able to take full advantage of these grants. However, I am somewhat fearful of the future. When regulations require that a fairly large percentage of the grant must be retained for new projects, it makes the situation rather serious. I am of the opinion that any changes in such regulations should not be made without very careful consideration, nor without considerable notice being given to the other people concerned. Matching grants made to a province often look good on paper, but in the final analysis they are an additional burden on the financial resources of a province with limited revenues. It is possible that an item such as that should not be placed on the agenda. I have every respect for the opinions expressed today by those who said that the agenda items should be items of national importance. This one I believe to be such. But there are others among those I have mentioned that may not be of national interest, and as such they may be given consideration by a continuing committee, or some other committee that this Conference may decide to set up. I make reference to those of a local interest that in particular affect Prince Edward Island. We, in the first instance, entered Confederation to be relieved of the problems of absentee landlords and our railway debt. I believe possibly the first consideration was to be relieved from our railway debt. Each year a sum of money was deducted from our subsidy in order to pay interest on the moneys advanced by the Federal Government. The railways at the present time have filed notice that they plan to remove passenger trains from Prince Edward Island. If this application is granted it will mean more and heavier transport on the roads built and maintained at provincial expense.

This brings us to the point, which was recently mentioned by Mr. Fleming, of New Brunswick. Times of course are changing, and we must change with these times, but the original reason for our joining Confederation should not be forgotten, and surely something to replace the original Confederation plans can be formulated. We find it difficult to maintain our highways with present-day traffic, and this of course in future times will be greater and we will find the cost infinitely greater in that respect.

The question of education has been presented by others. But we of Prince Edward Island possibly have a different educational problem, and it is definitely an educational problem. I do not intend to refer in specific detail to it at the present time, because if education should happen to be an item that is placed on the agenda for future consideration I will be very happy to present our views more fully. But I would say that a very high percentage of the cost of our schools is paid out of provincial funds—higher, I believe, than in most of the provinces of this country. Another very familiar thing in Prince Edward Island is this, that we educate young people in our province who find it necessary to leave home to make a living elsewhere. Our Province cannot absorb all college and high school graduates. We give them an education, but other parts

[Mr. Matheson.]

of Canada reap the benefits of the education we provide. Surely we can work out some plan whereby other parts of Canada can repay the debt they owe to the small Province of Prince Edward Island? I have been told that agricultural problems peculiar to the Western Provinces usually find their way into the discussions at these Conferences. In Prince Edward Island we, as an agricultural province, have definite agricultural problems, and the one to which I should refer specifically is the ever-present potato problem. I do hope that tariff and quota situations can be adjusted and corrected so as to give our potato farmers a reasonable return on their investment. We have had bad and goods years. Unfortunately, we have more bad years than good years. It may be that we have been too dependent upon this one particular product. In Prince Edward Island we are endeavouring to get our farmers to realize there is a good future in the field of processing frozen foods. We have the product, and I would like to see more of our products on the markets of the larger cities of Canada. We have a very substantial market in the larger cities of the New England States, including New York; and I think from the remarks of you, Mr. Chairman, today, that that is a very important field, but still we are not into the Canadian market as we possibly should be. I think something can be worked out whereby we should be able to avail ourselves of good Canadian markets.

Our Province has commenced a program of domestic development of agricultural and fisheries products. It has a reasonable future. We should not attempt a large-scale development except with the raw materials at hand. The economy of our province can be materially advanced by proper promotion along these lines. Our financial position makes such a development a long-term program. If we receive co-operation and assistance from other parts of our country it will ultimately change our economy and make Prince Edward Island a more productive factor in the economy of Canada.

Mr. Prime Minister, I have not made any specific recommendations for items to be placed on the agenda, but those that have been mentioned by others here today are of interest to me, and to the people of Prince Edward Island. I will be very happy if we get down to writing out the agenda for the Conference to be held later, and we will give every co-operation we can to small items that may be of local or sectional interest, which I think should be discussed possibly on a smaller scale, or a smaller level, so as not to clutter up the agenda with items that should be dealt with locally rather than on a national basis.

Hon. T. C. DOUGLAS (*Premier of Saskatchewan*): Mr. Prime Minister, and gentlemen. I would like first to associate myself with those who have expressed regrets at the passing of two of our former colleagues, the Hon. Angus L. Macdonald, and the Hon. Walter Jones. Both these men were highly respected and highly regarded, and we shall miss their presence at this Conference at this time. Their passing causes one to reflect on the changes which have taken place since the Conference which was held in 1945. I think Mr. Duplessis, Mr. Manning and myself are the only three Premiers who met in that capacity in 1945, and in the same capacity now in 1955, which indicates the passage of time, and also the long suffering and endurance of the people of Quebec, Alberta and Saskatchewan. (Laughter).

I would like also to thank the Premier of Ontario for his very kind words of congratulation to the people of Saskatchewan, I shall be glad to convey his good wishes to my people. Many of these people of Saskatchewan are of Ontario stock, and we express our thanks for the good wishes of Ontario.

When the Prime Minister first proposed this meeting, he suggested that our chief purpose should be to make adequate preparations for a later major conference. This is an interesting innovation in Federal-Provincial discussions.

Prior consultations on agenda and procedures should contribute to more productive deliberations at a later date. I should like to congratulate the Prime Minister and his Government on taking this step, and at the same time say that we share his evident wish that the main conference should be a wholly fruitful one.

While the co-operative drafting of an agenda is an important move, it seems to me that other practical preliminary steps might also be taken. I should like to recommend that a secretariat be established to assist in preparing the detailed information necessary for the main conference. This secretariat, as I see it, would be composed of technical officials of the governments represented here. It would act as a general clearing house for the proposals and opinions of the various governments. It would also be responsible for collecting and interpreting the factual data relevant to the various items agreed upon for the agenda. It might well set up sub-committees to deal with specific areas of investigation. Its most important function would be that of keeping the participating governments fully informed on matters relating to the main conference. By this means we shall all be better informed and better able to reach decisions which will contribute to the common good.

While I welcome the opportunity to discuss and help develop the agenda for a later meeting, there is one matter of critical importance which, in the opinion of the Saskatchewan Government, cannot await the outcome of future deliberations. I refer, of course, to the problem of unemployment. In replying to the Prime Minister's letter of invitation to attend this meeting, I expressed our concern in the following words:

Press reports emanating from Ottawa have indicated that there might be some discussion of the unemployment problem at the proposed preliminary meeting in April. I think most of the provinces would welcome an opportunity of discussing this question at the preliminary meeting rather than waiting for the federal-provincial conference which is to be held later in the year. If there is to be any effective co-ordination of plans for alleviating unemployment and caring for those unemployed who are not covered by unemployment insurance, then I think that discussions on this subject should be undertaken at the April meeting. I do not think we can afford to wait until next fall to discuss this matter. Rather, I would hope that by that time plans will have been completed so that effective measures can be taken by all levels of government to deal with unemployment wherever it assumes serious proportions.

I believe that at this meeting some agreement should be reached on a basic approach to this complex problem. These principles, once agreed upon, might be referred to the secretariat to be developed into concrete, workable plans. These plans might then become the basis of our future discussion. It is my fear that if the matter is left entirely to a conference later in the year, it will then be much too late to devise machinery and formulate programs in time to meet the winter upswing in unemployment.

May I say that I am pleased, as I am sure others are, that the Prime Minister this morning indicated his Government's willingness to discuss the question of unemployment assistance at this meeting. I would hope that we would go one step further and have some discussion not only of the unemployed, but also the aspect of employment-creating programs and public investment, which when agreed upon could be referred to the secretariat and be discussed at the conference later.

With reference to the date of the conference, I am sure the date suggested by the Prime Minister this morning would suit us. We would prefer to have it earlier, but recognize that a good deal of preparatory work must be done by

[Mr. Douglas.]

the Federal Government while Parliament is in session, and it would have to be guided as to how soon it would be in a position to have a conference to deal with the problem.

Let me turn now to the question of the agenda. We are preparing for the third general conference of the Dominion and the Provinces since the end of World War II. While we must deal with the specific matter of tax arrangements, I am convinced that we must go beyond that to return to the broad perspective which marked the Federal-Provincial discussions of the immediate postwar period.

Everyone will recall the 1945 white paper in which "the extension of opportunity, welfare and security among the Canadian people" was "unequivocally adopted" by the Federal Government as "the ultimate aim" of national policy. The "green book proposals" placed before the conference on Reconstruction in 1945-46 were designed to reflect this broad aim in specific programs. Then, sir, in your preliminary remarks to the 1950 conference, you affirmed that the "maintenance and expansion of prosperity and security" continued to be the "constant objectives" of your government.

I have no doubt that all the provinces will join in support of these objectives, and they suggest to me that the following general subjects ought to find a prominent place on the conference agenda;

- (1) Fiscal relations and tax arrangements
- (2) Farm Income and agricultural marketing
- (3) Unemployment and unemployment relief
- (4) Extension of Social Security Measures
- (5) Economic and Industrial development.

The problem of fiscal relations must, of course, occupy an important place on any agenda which we draft here. With the end of the present tax-rental agreement now in sight, the whole question of future arrangements for the direct income tax fields must once more be considered. In the past, Saskatchewan has supported the general principle of flexible tax-rental agreements. As has no doubt been the case with other governments, we have given considerable thought to possible alternative arrangements. However, despite certain apparent weaknesses in the present system of periodically negotiated agreements, we remain convinced that there are greater disadvantages and even positive dangers, in any attempt to establish a permanent allocation of tax fields, theoretically related to some rigid concept of responsibilities. The whole history of Confederation has adequately demonstrated the folly of such an approach.

Saskatchewan therefore continues to support the alternative of a sensible, flexible fiscal policy. We would draw attention again to the purposes explicitly set forth in the preamble to the existing agreements—equity and efficiency in taxation, stabilization of provincial revenues and the maintenance of full employment.

While we accept the broad principles of negotiated agreements, we think it necessary to voice once again certain criticisms concerning the past application of these principles. Once more we must contend that the present agreements do not make adequate provision for the fiscal needs of the poorer provinces. We believe that provision should be made for some adjustment of payments related to the level of income in each province as compared with the average level for all the provinces. Saskatchewan's current income position is such that a provision of this nature would probably mean little to us. Nevertheless, the consideration of fairness, equity and national interest upon which we have based past arguments on this matter, appear as sound and convincing now as they have been in the past.

Our second general criticism relates to the actual level of payments under the existing agreements. The provincial premiers at least will be well aware of the increasing demand for and the increased cost of public services at both the provincial and municipal level over the past 10 years. They will be equally aware of the inevitable pressures upon these services which will build up in the years immediately ahead of us. By way of illustration, Saskatchewan faces an estimated increase in its public school population of at least 25 per cent by 1962. Disregarding possible changes in cost levels, this means that the province and its school districts must increase the funds available to operate our educational system at the rate of approximately \$1 million every year during the intervening period. To provide and maintain the necessary physical facilities will require a further capital investment of nearly \$10 million annually over the same period of time.

A similar systematic examination of the fields of health and social welfare would readily reveal an inevitable prospective increase in public expenditure at both provincial and municipal levels. Then, too, every provincial government is aware of the need for expanded developmental expenditures designed to support continued growth of our basic economic activities. We are also faced with the demand for increasing financial support by the municipalities. The problems of adjusting the pattern of community living to the demands of modern technology and of raising levels of local services to modern standards of adequacy are placing critical strains upon the finances of many of our local governing bodies.

Against this inevitable growth in necessary public services must be set the fact that the present fiscal resources of the provinces are, for the most part strained to the limit. Any new fiscal arrangement which may be worked out must therefore provide much more generous terms for the provinces.

I may say that we heard with some disappointment this morning the statement that the Federal Government is not suggesting any general increase in the amount of money that will be available under the tax-rental system.

The second general topic which requires urgent consideration is the problem of farm income and agricultural marketing. Much attention has been given to the drastic collapse of the 1954 grain crop and to the impact of that crop failure upon the national income. What I should like to point out is that serious though that episode may have been, it is but part of a broader and more serious decline in the position of Canadian agriculture generally. The recent White Paper of the Minister of Finance shows a constant decrease in farm income from \$2.1 billion in 1951 to \$1.1 billion in 1954. Furthermore, an examination of the Dominion Bureau of Statistic reports indicates that the impact of this decrease is not confined to any one particular agricultural area. These reports indicate, for example, that between 1951 and 1953 net farm income fell in Ontario by 28 per cent; in Nova Scotia by 23 per cent; and in British Columbia, by 26 per cent.

The full effects of this precipitous decline on the rest of the Canadian economy may be delayed. The indirect effects are certainly complex and even obscure. However, some indication of their impact seems evident in the experience of 1954. We may be sure, for example, that the drop in sales of tractors and combines in western Canada from 36,000 units in 1953, to 16,000 last year has affected directly and indirectly many thousands of homes throughout the central provinces. The decline of 25 per cent in the sale of motor vehicles in Saskatchewan, and a 15 per cent decrease in sales of clothing, hardware and furniture are not unrelated to the level of employment in the industrial centres of Ontario and Quebec.

However numerous and complex the causes of the disastrous decline in agricultural income may be, it must be apparent that these trends call for a reappraisal of fundamental governmental policies with regard to this basic industry.

[Mr. Douglas.]

It seems to me that a re-orientation of farm policy must be aimed at three broad objectives. The first is to overcome short-run fluctuations in farm income by such techniques as an effective price support program and orderly marketing arrangements. The second is to protect farm operators from the consequences of certain uncontrollable disasters by some system of income or crop insurance, comparable in effect to the unemployment insurance scheme which protects the majority of industrial and urban employees. And third, to work toward increased efficiency in agricultural production and toward a long-run expansion of output. Scientific research, increased extension work, adequate credit and public investment are the necessary tools to accomplish this goal.

All of these problems are of real concern to both Federal and Provincial governments. I hope that our agenda can make room for a detailed discussion of their most important aspects. If, however, the range of problems appears too large and complex, I would earnestly suggest that a separate preliminary conference should be held just prior to the plenary session. I hope that a separate meeting of this kind would draft positive proposals, and report upon them in full, to the main conference for discussion and action.

Now, sir, I have already indicated our opinion as to the urgency of dealing with the problem of unemployment and unemployment relief which we propose as the third general topic on the agenda. I have already suggested that immediate steps be taken to prepare the way for a full and purposeful discussion of this matter.

I realize that the causes of unemployment are many and complex. Coming from a very important agricultural region, I realize that often the sources of disturbance arise outside the industrial sector of the economy. I am also aware that in specific situations appropriate policies are difficult to define and apply. However, the complexity of the problem only emphasizes the need for us to grapple with it now.

If the proposed secretariat is not for the appropriate body to give this matter immediate attention in preparation for our ensuing meeting, I would suggest the setting up of special Federal-Provincial machinery which could study the problem and recommend the kind of concrete practical steps which must be taken. The expected seasonal upswing in unemployment next winter is only one consideration. Beyond that is the need for a compensatory program which can be put into effect in any area of the economy where cyclical unemployment occurs or where the rate of economic expansion fails to keep pace with the growth of the labour force.

The other side of this question is that of unemployment relief. The system of national unemployment insurance, in spite of its inadequacies, has undoubtedly made a major contribution to the stability of our economy. But experience has once again attested to the seriousness of the residual problem of assistance for the employable unemployed. Despite the fact that the Federal Government recognized its responsibilities in this matter in 1945, the municipalities and the provinces have been forced to take on the burden of providing aid to many able-bodied unemployed.

It has been necessary for us to assist not only those not covered by unemployment insurance, but also to look after those under insurance whose benefits are inadequate or whose benefits have been exhausted. There is no doubt that the time is long overdue for a proper settlement of this issue. In the ten years since 1945, no steps have been taken by the Federal Government to assume full responsibility for the able-bodied unemployed along the lines suggested by them at the 1945 Conference on Reconstruction.

Every careful, authoritative review of the problem since 1938 has concluded that unemployment assistance must be a total financial responsibility of the Federal Government. In 1945 the Dominion committed itself in unequivocal terms. In the Green Book proposals it said:

As part of the general arrangement with the Provincial Governments, the Dominion Government now proposes to establish a practicable and comprehensive system of assistance to able-bodied unemployed persons as soon as possible, rather than waiting until the need for it actually arises.

The need has, of course, arisen time and again, but has now assumed proportions that make it impossible to ignore it any longer.

Certain basic propositions are quite clear. It is an oft-stated obligation of the Federal Government to maintain a high level of employment and income. In addition, the Federal Government has an overriding responsibility to assure every employable worker in Canada who is in need of a job that he can get one; to protect him against unemployment by a system of insurance or assistance; and to supplement his regular benefits if these prove inadequate to provide a basic livelihood.

I should express my hope that the Federal government will take steps during the current session of Parliament to enact legislation authorizing an adequate program of unemployment assistance. If, in your opinion, sir, the assistance of the provinces is required in any way in putting such a program into effect, you may be assured of our complete co-operation.

Let me say just a word about the suggestions that were made this morning by the Prime Minister. There will be opportunity for discussing them in more detail later on, I hope, but I would suggest that the proposal that the Federal Government pay a share up to 30 per cent, 40 per cent or 50 per cent, depending on the severity of unemployment in any particular area, is a long way from the Federal Government assuming full responsibility for the able-bodied unemployed, as was suggested in the 1945 Green Book proposals. I want to suggest for consideration of this conference that the proposal that the Federal Government should come into the picture only when a certain floor has been passed, seems to be unrealistic. There will be endless disputes as to what is the figure at which the Federal Government will come into the picture there will be more heartburning over statistics than it will be worth. If the Federal Government is to enter the picture it seems to me they ought to enter the picture with reference to all able-bodied unemployed and not at some hypothetical figure that is going to be very difficult to define.

I wish to issue here what I think is a very serious word of warning, I say with all due respect that the proposal this morning, is, in my opinion, putting our feet along a backward trail to the whole relief situation of the 1930's. The very areas that are most likely to be affected by any large amount of unemployment or by unemployment over a protracted period of time are the very areas that are least likely to be able to finance their share. If unemployment continues for any length of time the municipalities will have to borrow money from the provincial government to pay their share. In the Province of Saskatchewan we are still paying off the relief debts of the 1930's. The Minister of Finance knows that we are paying off treasury bills that were given for relief and debt. These treasury bills will not be paid off until 1977, 22 years from now. By 1977 when we have finished paying off the relief debt of the 1930's we may have to incur more debt in that regard.

I suggest that those who studied this complex situation on the Rowell-Sirois Commission, and the excellent advisers of the Federal Government who studied this situation prior to the 1945 conference all recognized that to go back to a sharing of unemployment assistance cost was neither realistic nor feasible, and it would end up eventually with local bodies and provincial governments unable to meet their share, and borrowing and going into debt. In the meantime, we have been trying to pay off debts for these things. I would hope that we would not set our feet along this trail again but that the Federal Government would be prepared to return to the position it took in 1945 of recognizing this as a

[Mr. Douglas.]

problem with which the Federal Government alone is able to cope because it has the financial resources to cope with it adequately.

I come now to my fourth point, the need for an adequate system of social security for all Canadians.

In the first place, I am reminded of the Federal Government's long-standing commitment to meet up to 60 per cent of the cost of approved provincial health plans. In my opinion, a comprehensive scheme of health care must remain as a major national goal. I readily acknowledge the difficulties involved in attempting to introduce all the phases of a comprehensive health system simultaneously. I would concur in the approach suggested by the Federal Government in 1945 which visualized the development of an adequate health program in well-planned successive stages. I would suggest, however, that we have gone beyond that point in a Canadian health program which can be met adequately by the existing pattern of national health grants. The time for a further major advance is long overdue.

I should like to say that I was disappointed with the representation made this morning on the part of the Government of Canada that there was no information that the Government of Canada intends to or is suggesting that we discuss at the forthcoming conference the matter of national health insurance. I think that the Department of National Health and Welfare, through its grants to the provinces, has laid an excellent foundation and that the time has now come to construct a superstructure on that foundation. I would hope that the Federal Government will agree at the forthcoming conference to discuss taking the next step toward building a comprehensive national health insurance scheme.

The most logical step would be to implement the commitment with respect to hospitalization. Hospital facilities are now sufficient to make an overall hospital plan possible. At least four provinces have developed schemes which might be integrated rapidly into a framework of national assistance. Elsewhere, in spite of the existing level of provincial aid, both private and public hospitals are in great need of financial relief. I would add that in our view, because of the rapidly growing incidence of mental illness and the tremendous pressure being exerted on the provinces for expanded facilities and programs in treatment and care, hospital insurance should be expanded to cover the hospitalization of the mentally ill.

The second outstanding issue with regard to social security concerns existing provisions for care of the aged. I want to reiterate the views I expressed at the conference five years ago. The distinction made between the 65-69 age group and those 70 and over is completely artificial, inconsistent and unjust in our opinion. The fact is that 65 is widely recognized and accepted as a reasonable retirement age and all the economic and moral arguments used in support of a contributory system of old age pensions without a means test for those seventy and over applies with equal force to those 65 and over.

Furthermore, I suggested five years ago that the \$40 per month provided as the pension was totally inadequate to meet the needs of this group of citizens. I urged that the Federal Government should give consideration:— first, to increasing the amount of the pension; and second, to providing all-important health services. Since then, many of the provinces have been forced to make up for the obvious deficiencies in the Federal program of care for the aged, both by paying supplemental allowances and by providing medical and other services to those in need. I want to emphasize again our view that the Federal Government has a clear-cut moral obligation to provide more adequately for the aged, and with the broad tax resources available to it, ought to lift this burden from the shoulders of the provinces.

The fifth heading I would urge for the agenda is the role of public investment in economic development and stabilization. To a great extent, the tools required

for maintaining economic growth and stabilizing the economy are the exclusive property of the Federal Government. Public investment, however, is obviously a common responsibility of all levels of government. While the boom in private investment and the high level of defence spending since 1945 may have tended to obscure the role of government investment, the economic downturn of 1954 restores it to its proper perspective. You will recall that the 1945 proposals detailed the importance of public investment, both as a means of preventing cyclical declines in economic activity and promoting the necessary long-term growth of employment and income. The proposals, for example, explicitly declared:

"In addition to providing employment when desirable, public investment has a major role to play in the conservation and development of mineral, forestry, agricultural and fishery resources, the improvement of transportation facilities and the construction of public buildings and equipment required for general government services or particular government welfare programs. Expenditures in these fields ought to be directed to the permanent expansion of the productive wealth of the country and to the widening of opportunities so as to create a dependable basis upon which individual initiative can be relied upon to provide rising levels of employment and income. In Canada, the possibilities are great".

I was interested to note that in the 1955 Economic Report of President Eisenhower of the United States, he made this forthright statement when speaking of United States:

"The Federal Government contributes to economic growth when it takes its part, at the side of the States, in promoting scientific research and in providing public facilities, such as highways, hospitals, harbours and educational institutions, on which the expansion of the private economy heavily rests."

The need for long-run programs for economic expansion in Canada has been fully attested in the recent debates in the House of Commons on unemployment. In his analysis of the current situation, for example, the Minister of Trade and Commerce made the point:

"During the past year or so employment has been maintained but productive activity has not been sufficient to absorb the net increase in persons coming into the labour force."

Mr. Chairman, I was impressed this morning as I am sure all members were impressed with the very serious picture drawn by the Prime Minister regarding the defence situation, the need for large expenditures and the constant dangers to which our country and other parts of the free world are exposed. Yet it seems to me that that situation is inconsistent; that is, having several hundred thousand people unemployed; in a situation where we are confronted with potential danger. It seems that this is the time to mobilize all our resources, and particularly our human resources as well as our financial resources to strengthen the economy of this country.

As was suggested this morning, there were some things in the 1945 proposals which are no longer suitable for the 1955 agenda. I would certainly like to express the hope that this does not apply to the public investment program because it seems to me that for this meeting to think that we have to deal with unemployment merely because we have managed to agree eventually on how we are to pay unemployment assistance would be to miss the whole point of what our responsibility is. Unemployment assistance of course is necessary to care for those who cannot get work, but it seems to me that we have a

[Mr. Douglas.]

responsibility to devote our thoughts now and to a continuing committee to work out a plan so that when we have a full conference this fall we shall be able to embark upon employment-creating programs; for in the final analysis we do not solve unemployment by paying unemployment assistance; we solve unemployment by applying the manpower of Canada to our vast natural resources to create new wealth and to give stimulus to our economy.

In this connection, I note the intention of the Federal Government to set up a Royal Commission charged with the responsibility of examining the future prospects of the Canadian economy. This proposal is of particular interest to us since a Saskatchewan Royal Commission is just winding up a two-year investigation into trends and prospects for agriculture and rural life. A major part of their report will detail the effect of changing technology on the farming population and document the great need for a high level of both private and public investment in economic development if adequate job opportunities are to be provided.

I should hope that if a continuing committee of technical officials is set up, one of its responsibilities would be to examine the public investment proposals offered by the Federal Government in 1945 and to consider what steps might best be taken to make them effective in 1955 and in future years. The future economic life of our nation cannot be placed in jeopardy by any failure on the part of our various governments to work together in this important field.

In closing these remarks, Mr. Prime Minister, I should once more like to express my appreciation of this opportunity to record these observations concerning an appropriate agenda for our major conference. May I re-emphasize my earnest opinion as to the need for intensive preliminary investigation through some agency such as the secretariat which I recommended. I have indicated a number of problems which I believe should be referred to this body or to other duly constituted committees. With adequate information, with the desire to co-operate in meeting these major national problems, I am confident that the projected Federal-Provincial Conference can and will make a lasting contribution to the continued welfare of our country.

The CHAIRMAN: Thank you, Mr. Douglas. Mr. Manning.

Hon. E. C. MANNING (*Premier of Alberta*): Mr. Prime Minister and Gentlemen, may I at the outset extend to you, sir the sincere appreciation of the Government of Alberta on your convening this conference to discuss the preparation of an agenda for a future conference to deal with an accumulation of matters, of both national and provincial concern that are before us at the present time.

In your opening remarks this morning you indicated I believe rightly the gravity of the situation that faces us in common with other nations of the remaining free world. As representatives of responsible provincial governments across Canada, we share with you the concern expressed and we want you to feel that we all share with you in the tremendous responsibility that is yours and your colleagues' in the problem of national defence at a time such as this. Your opening remarks, I know, were appreciated by all of us in that they opened the door to a constructive and comprehensive approach to matters that are before us at this time.

I should like to join with Premier Douglas in thanking the Premier of Ontario for his kind references to the Golden Jubilee Anniversary of our two western provinces, which we are celebrating this year. Many of the early pioneers from Ontario are among those whom we shall be honouring this year as old timers. They have seen the growth of Western Canada since the days when the Western Provinces were formed. I can assure Premier Frost that they have responded well to fifty years of purification by the bright Alberta sunshine. It is a pleasure to honour them.

Let me deal now, Mr. Prime Minister, with the suggested time of the conference. So far as Alberta is concerned, we are quite prepared to meet the convenience of the Government of Canada and of the other provinces. We would urge that a date be set as early as is practicable. Past experience has shown that we seldom reach finality in one conference. It seems desirable to us that the main conference get underway at the earliest possible date. The proposal has been made that a continuing committee be set up, and to such a committee there might be referred many matters which would facilitate our discussion in future federal-provincial conferences. We concur in this suggestion.

Dealing now with the proposed agenda. My only suggestion would be that the terms of reference, while being restricted to as few subjects as possible, should be broad enough in scope to permit a full discussion of all aspects of those subjects which, in the opinion of the government representatives, require a satisfactory solution.

We were pleased to note your reference this morning to the question of unemployment and to know that that question will not be left until the conference this fall but will be the subject of discussion at the conference now taking place.

Without going into details of matters already suggested, I should like to express agreement with the proposal that municipal financing requirements should be given a place on the conference agenda. It has already been pointed out that the problems facing our municipalities are among the most serious problems of the country today, and they in turn affect the entire provincial economy. This seems to us to be a fiscal matter of sufficient importance to be given a place on the agenda.

We also concur in the view expressed by some that the subject of public health and welfare should be included for discussion. Certainly it is a field that demands tremendous expenditure, and one that has a very definite bearing on federal-provincial fiscal relationships in respect of the requirements placed on the provinces and municipalities to discharge their responsibility.

We would like also to see particular reference made to the matter of federal conditional grants. Experience has shown that the conditions attached to some of the present federal grants for specific purposes, have proven to be unwarranted and impractical in their application. Reference also has been made to the serious effect when conditional grants are initiated and after arrangements for public services, based on the grants, have been established, the grants then are discontinued. The province in question is put in the position of either discontinuing the services already established or meeting the entire financial burden themselves. We concur in the suggestion that this subject should be placed on the agenda.

I refer to one other subject that has not been mentioned, and which perhaps at first sight might not appear to be pertinent to this conference, but which I suggest merits our consideration: I refer to the effect of the national immigration program as it affects the responsibilities of provincial governments. Large numbers of new Canadians have come to Canada. When they settle in the province of their selection, there is a direct burden of financial responsibility placed on that province for social services, educational facilities and so forth, by reason of the added population.

It does seem to me that this conference is a proper place to try to get some coordination between the application of the federal immigration policy and the effect of that policy on the responsibilities of the provinces and municipalities.

Now, primarily of course this conference is called in anticipation of the expiration of the present tax rental agreements and questions that arise as a result of the expiration of those agreements. Some of those questions are, for instance, whether or not the present policy of tax rental agreements should

[Mr. Manning.]

be continued or abandoned. If they are to be abandoned, what should take the place of the present federal-provincial fiscal arrangement under those agreements. If the policy should be continued, what modifications are necessary and desirable in the light of changes which have taken place since the present agreements were signed?

We are one of those provinces that has taken the position that the tax rental agreements were not in any sense a complete solution for the provincial-federal fiscal relations. We do feel that changes have taken place across Canada in the past five years which warrant a review of the terms of those agreements, with certain modifications in the light of the changes which have taken place. Some of those factors already have been discussed, and there is no need to restate them. I would like to mention for the purpose of future consideration certain weaknesses that we feel experience has shown to exist in the present formula for the tax agreements.

The present formula does not include anything that recognizes the revenue value of the tax fields that have been rented to the federal government. When you rent a property it is usually assumed that the revenue value of that property has some direct relationship to what is considered its fair rental value. Under the present formula where the amount of payments to the provinces relates only to population and variation in the gross national product, while there is fluctuation in the revenue producing value of the fields rented, this factor does not enter into the formula at all.

I am not using this as an argument that we should necessarily get more revenue by reason of a change in the formula, but to be realistic, this is a factor that should be taken into consideration. By way of illustration, I can only say that in our own province, where there has been a tremendous expansion of natural resources and industrial development, if the rental value which we received for those fields of revenue was a fair and equitable rental five or ten years ago, it very definitely is neither fair nor equitable now in view of the tremendous increase in the revenue produced in those fields today.

May I suggest, Mr. Prime Minister, that all these matters arising out of the tax rental agreements—and most other matters raised in the discussion at this conference thus far—all are directly related to one major matter of concern which seems to me should be the basis of all our discussions. The question is; what can we as representatives of responsible governments in Canada do that will best insure the continuous expansion and buoyancy of the Canadian economy as a whole. I submit that should be the first and major consideration before us in a discussion of tax rental agreements and allied subjects. I do not believe that we are here as provinces to do some horse-trading to see who can get the best bargain for his particular province. I do not think our problems ever will be solved in that way. Behind and beneath the problems that concern us lies the question, what needs to be done to insure the continued expansion and buoyancy of the Canadian economy as a whole.

I think there should be general agreement that the solution for most of the problems that already have been mentioned at this conference are bound up with our ability as Canadians and as governments to insure the continued expansion of the economy of the country as a whole.

Take for example the question of unemployment, which has figured prominently in these discussions. Certainly, as far as the government of Alberta is concerned, we agree that immediate remedial measures are necessary. Something must be done to find employment for the employables. I agree that there should be close co-ordination on public investment and capital expenditure programs at all levels of government. But to be realistic, we must acknowledge that none of these proposals in themselves will provide a solution for the problem of unemployment in Canada. Most of the governments represented here today, are right now making very substantial annual expenditures by

way of public investment and capital construction. The Premier of Ontario gave us some figures this morning to show the large scope of the public investment program of his province for this year. In the case of Alberta, out of a total budget expenditure of about \$180 million, we will spend this year something in excess of \$70 million by way of capital construction and public investment. This is quite a high percentage in relation to the total budget.

Now, Mr. Prime Minister, I suggest that in the light of the expenditures that already are being made, that when we talk about the use of public investment and capital expenditures to relieve the unemployment situation, we must be talking about something over and above the expenditures that already are being made. There is a limit to how much further the provincial governments and the federal government can extend their present expenditures. In the light of the present employment picture in Canada and the total national income, any increase by way of increased government capital expenditures would be but a small factor in the solution of the over-all problem of providing employment for the unemployed people of Canada. I am trying to emphasize that when we talk about problems of unemployment we must recognize that the preservation of a high level of employment requires something far more comprehensive than merely the extending and enlarging of public investment programs by the government of Canada, by the provinces and the municipalities. Rather, it is directly related to the continued expansion and buoyancy of the all-over Canadian economy that will provide employment opportunities starting with the production of our most primary products, through to the final stage of retail distribution—it is in that great over-all field that employment opportunities are going to be found and the problem of unemployment solved.

We, representing the government of Alberta, do not accept the attitude that large scale unemployment is necessary in this country. We are a young country; we have tremendous resources; none of us would suggest that we have done much more than scratch the surface with our development at this stage. It is therefore our view that we can eliminate the problem of unemployment not by providing artificial remedial measures but rather by directing our attention in these matters of financial requirements to the things that can be done to insure the over-all expansion and buoyancy of our national economy.

While we talk about our tremendous potential expansion, I am sure we are all cognizant of the warning signs that are abroad today. We know that our economy is dipping from what we would like to see. The very fact that we are discussing unemployment today is indicative that the problem has gone beyond that of mere seasonal unemployment. The decline in prices of primary products is another indication of economic decline. Experience has shown that it is a pretty accurate barometer of the trend in the all-over economy of our country. Another indication is the tremendous increase in credit buying by our people. Some of you may have noticed in the press of last evening the statement that at the end of 1954 credit buying by Canadian people had reached an all-time high of \$1,963 million. After all, that means nothing more than that the consuming public of Canada today already have mortgaged their future incomes to the extent of almost \$2 billion dollars in order to maintain the present level of consumer demand. That surely is an indication that we are living in a more or less artificial prosperity, when people have to mortgage their future to that extent in order to meet their present requirements.

We would suggest, Mr. Chairman, that there are three things necessary to insure the continued expansion and buoyancy of our national economy. Number one is the progressive expansion and development of our primary resources. After all, that is the starting point. In the discussion of our fiscal arrangements particular attention should be given to those factors which will stimulate and encourage the development of the primary resources of this

[Mr. Manning.]

country. Number two which stems from number one, is to ensure the continued expansion of secondary industry. That is the field where the largest number of employment opportunities are created. Number three is effective consumer demand, which must be there if the public is going to absorb the output of expanding industry and make further expansion possible.

Each of these three things is affected not only by physical factors but by national and provincial tax structures, and financial policies. Before we can intelligently conclude tax rental agreements or some alternative to them, we should, as representatives of governments, know the impact of the national and provincial tax structures on the three things I have mentioned. Is the tax structure of today, and are the present fiscal arrangements between federal and provincial governments, encouraging and stimulating the development of our natural resources and industrial expansion? Are they having no effect or are they hindering expansion and development? Is their impact on effective consumer demand reducing or stimulating consumer purchasing power?

The Minister of Finance, in his budget address this year, made an announcement of a Royal Commission which is to be established to make a study of the Canadian economy. It may be that that Commission is the proper body to give consideration to the effect of the present Canadian tax structure on vital matters related to the continuous expansion and development of our national economy. It may be that the proposed co-ordinating or the continuing committee is the body that should investigate this subject. I suggest that when we meet to consider the future fiscal arrangements between the federal and provincial governments, we should be perfectly sure that the tax structure and fiscal arrangements finally agreed to are such that will encourage the maximum expansion and buoyancy of the Canadian economy and the highest possible consumer demand for the products of our expanding industry. I mention this, Mr. Chairman, not so much as a specific subject for the agenda, but rather as the main objective we should keep in mind in discussing federal-provincial fiscal arrangements.

I should like to make reference to one further point. Sometime ago several conferences were held on the matter of procedure on constitutional amendments. Those conferences were suspended and have not been reconvened. I am not suggesting that constitutional amendments should be dealt with at our conference this fall but as one province we would urge that consideration be given to resuming those discussions at a separate conference at the earliest convenience. We do feel that the whole question with respect to procedure on constitutional amendments, while not directly related to the fiscal matters being discussed now, are very vital matters that affect the relationship and financial position of both the federal and provincial governments. It is not a matter that should be left up in the air; we should try to come to some definite decision with respect to procedure on constitutional amendments in the earliest possible date.

These are all the comments I have to make at the present time. The more specific recommendations we have to make we will reserve until a more appropriate time.

The CHAIRMAN: Mr. Smallwood.

HON. JOSEPH R. SMALLWOOD: Mr. Prime Minister and gentlemen, it is now between seven and eight years since I first entered this room. I did so as one of a delegation of seven men who came here at the invitation of the Prime Minister of Canada of that day, the late Mr. King. Now, it is true he invited us but we asked him to do so. We asked if he would receive the delegation from the National Convention of Newfoundland for the purpose of discussing whether or not there might exist a fair and equitable basis of Newfoundland's entry into the Canadian family of provinces. There were a number of the Ministers

of the Government of Canada, including yourself, sir, on the Canadian side, and I knew that there was that distinction, because we were not Canadian—there were seven representing the National Convention of that island. We came up here with a very great sense of adventure, and with very great excitement, because of course the very idea of an ancient island such as Newfoundland, so very much older than the oldest part of Canada—indeed, the oldest part of the Western Hemisphere, ceasing to be an independent and a separate country and becoming part of another country was, to say the least, an intriguing idea, and one which to some people in Newfoundland was about as repulsive an idea as had ever been suggested. But I think that most people in Newfoundland felt that Canada was one of the world's truly great nations, that is to say, not in numbers of people; in area, yes, because it was well known in Newfoundland that there were only two other countries in the whole world that were larger, namely, Russia and China, Canada being the third largest. But it was not so much her area as her prospects—a great young nation, very powerful, very rich in resources, and much richer in potential wealth. We in Newfoundland, those of us who favoured joining Canada, firmly believe that Sir Wilfrid Laurier spoke just the simple truth when he said that the twentieth century belonged to Canada.

Now, I wonder, sir, what would have happened, when the matter was put to a vote of the Newfoundland people as to whether or not they should become Canadians, and their country cease to be a country, to become a province, if they had been privileged to listen in to the speeches delivered here this morning and this afternoon—to this catalogue of problems, this broad hint of many woes across Canada—I just wonder if they would have voted to become Canadians! Of course, if they had been pessimistically influenced by today's speeches it would have been only because they were not Canadians, but were strangers and did not know Canada. Today, six or seven years later, now that we have been Canadians for six years, we know that all this talk of the bristling problems is true—of course it is all true, every word of it—but we believe there is just a slight exaggeration, because we decline to abandon our belief that Canada is a great and shining nation with a great, and even brilliant future. Surely, these problems are only the problems of a young nation growing like a child, almost grown out of her clothes so that the sleeves come away up on her arms. Now, in Newfoundland we hear none of this pessimism at all. In Newfoundland things are booming, things are very, very prosperous. We have just gone through, in the last year, the most prosperous year of our history—which the Premier of British Columbia will be interested to hear. (Laughter) He told us they have just done the same. Well, our year of prosperity was great in 1954, but it was only greater than 1953, and 1953 was only greater than 1952—and 1952 than 1951. We have had five years in succession, each of which broke all previous records in the numbers of persons employed, in the general level of prosperity, and we are quite confident that this year, 1955, which is our hundredth anniversary of the granting of responsible government by Great Britain, will be more prosperous than last year. Unemployment is scarcely a problem in Newfoundland. We have some unemployment, but it is entirely seasonal. Of course, we do not like to hear that unemployment is more than seasonal in some parts of Canada, because we are driven to wonder whether if that continues it will not affect us in Newfoundland. We want Canada as a whole to be a great and prosperous country, leaping ahead, as she has been doing, and we think that we have hitched our wagon to a star, and we want that star to continue to shine. We have no thoughts whatever about the agenda except those that have been expressed already at this table today. I think it is agreed that the tax rental agreements will be on the agenda. The Prime Minister of Canada has announced that governmental assistance to the unemployed will be on the agenda. And then virtually every Premier who has spoken has suggested other things to

[Mr. Smallwood.]

go on the agenda. Now, I am agreeable to all of them—I think they should all be put on. (Laughter) I am not against any of them, but I am particularly interested in one of them, and so are Nova Scotia, New Brunswick, British Columbia and Saskatchewan, and the Premier of Alberta has just said that Alberta is also interested. So are we. I am referring to this question of the costs of exploring and measuring and blueprinting, and finally developing the natural resources of Canada.

One thing, Mr. Prime Minister, we have not found yet in Newfoundland is this—and we do not know the answer: As a province prospers it does not necessarily follow that the Government of that province prospers. I am not referring to its political fortunes, I am referring to its treasury. For example, a government of a province goes to very great expense conducting geological surveys. In the last six years we have spent, in our province, a couple of million dollars, which is a lot of money for us, conducting geological surveys, and so on, and we think that mines will result. We have seen in one part of our province, Labrador, very great development indeed in the opening up of one of the world's great iron mines and the building of a quarter-billion-dollar railway to get into it. It has cost the Government of the Province of Newfoundland a good many thousands of dollars so far. We have not got back one cent. We have a great survey going forward, now being conducted by the British Newfoundland Corporation on the Hamilton River watershed. They have now established as a fact that on one falls alone of that river, the Grand Falls, there are four million horsepower of hydro-electric energy to be developed at almost unbelievably low cost. There are between five and ten million horsepower to be harnessed from that watershed. Now, I believe that will be developed. But what will the Government of the Province of Newfoundland get from that huge development? We can expect to see shortly the beginning of the construction of another large paper mill, and again we wonder just what the Government of the Province of Newfoundland will get out of all this development of the natural resources of Canada as they are found in the Province of Newfoundland. Now, clearly if the Government of Canada is to get any revenue it must come either directly or indirectly from these very interests. I do not know of any other source of revenue for the government of Canada, and I am always happy to see the Government of Canada get lots and lots of revenue because some of it comes back to Newfoundland. These developments are surely the only possible source of revenue for the Government of Newfoundland. We just aren't getting them, and I do not see any prospect of our doing so. I am reminded, therefore, of a remark made by the Premier of Ontario, which I scoffed at the time, a couple of years ago, in the lower house at a Conference in this same building, when he had us almost crying over the terrible situation in Ontario resulting from the fact that some three or four thousand industries had sprung up in the Province of Ontario since the end of the great war, and of the dreadful problems which had been created for his province to cope with the growth of Ontario. Well, I am less inclined now to scoff—because we are beginning to get not two or three thousand, but rather two or three—or two or three dozen industries. And it does create a problem, which for us is almost insoluble, because the problems of a town council on the north-east coast of Newfoundland in a little place with a population of a thousand families can be much more difficult than those of a province or of the Government of Canada, if they have less means with which to solve them, for them the problems may become unsolvable. Now, I have no solution to offer, and do not know what the solution is, but do prick up my ears when I hear that Premiers of five other Provinces suggest they be put on the agenda for this big Conference which is to come up—of which meeting this is merely a curtain-raiser. It must be quite a Conference that is coming! I am all attention that on the agenda of that Conference this matter is to be listed.

In Newfoundland, since Confederation, we have reached the point where we have Canada's lowest death rate. The health of our people has improved, so that today we have the lowest death rate in Canada. Before Confederation we had, and we continue to have, Canada's highest birth rate. With the highest birth rate and the lowest death rate, and the movement of our people away from Newfoundland come virtually to a stop, our population is growing very rapidly, and the pressure of population in Newfoundland is beginning to give us a lot of concern. The only answer we can see for the solution of that problem is the development of our natural resources, and the long and short of it is that we cannot afford to do it, along with building roads. Prince Edward Island, which is two thousand miles in area, has more miles of road than we have, with our 42,000 square miles—not counting our 110,000 miles in Labrador! So we have a lot of roads to build. We have built 1,500 miles since we became a province of Canada, in the last six years. Our part of Canada, I think, is the second longest section of all Canada, and it costs us \$150,000 a mile to build a paved road such as the Trans-Canada Highway. We have many hospitals to build, and many, many schools to build, because all schools in Newfoundland are built by the Government of Newfoundland. I do not think there is one school in all Newfoundland out of 1,500 that was not built by the Government of Newfoundland. If we are to do all these things, something must remain undone. We have spent a great many millions of dollars doing these things, and we have spent more millions in the last six years than I think we can hope to do in the next six years.

Now, of course, we might as a Province of Canada accept the position that Premier Flemming says he is not prepared to accept. We might accept the position that we are second- or third-class Canadians, and that we will do with less opportunity for our children in education than in other provinces, and that we will continue to do with less. We are doing with less now—less mileage of roads, fewer hospital beds, and fewer of everything than all the other provinces. We might accept that position. We might accept that, Mr. Chairman, but before I shall do that, I shall tell you now quite frankly as one who has had something to do with the movement to bring Newfoundland into Confederation, I would with great joy spend the rest of my life leading a movement to lead Newfoundland out of Confederation. I do not expect that ever to happen because a solution will be found—it must be found. As one Canadian who fought hard to become one, I do not think that the greatness of Canada lies in perpetuating and increasing a continuation of what has taken place up to now, the enrichment of a couple of the more populous provinces, to which you might add one that is rapidly becoming great, rich and prosperous, Alberta, and, to some extent, British Columbia. With respect to the rest of the country, you have struggling provinces under-populated and under-developed. I do not think that is Canada's greatness. It is not my idea of Canada; it is not the Canada that I wanted to join. Canada of my dreams—and it has been my dream—is one in which you do not have little governments in little provinces struggling and starving to educate people to populate Ontario and Quebec. I shall go further and say to populate Prince Edward Island and Nova Scotia. If that is so, let us then frankly face the truth and say that it is a mistake for people to live in New Brunswick, in Nova Scotia, in Prince Edward Island and in Newfoundland. Let us set up these four provinces as game preserves. Let us do our caribou-hunting, our moose hunting and our salmon fishing in those provinces but live in Quebec, Ontario, Alberta and British Columbia. No, Mr. Prime Minister, there is yet a great job to be done for Canada. I do not know who is going to do it. I only know one of Canada's 15 million who is not going to do it, and that is I. I do not know who is going to do it. The job yet to be done in Canada is to make Canada great out at the extremes. That is the job yet to be done in Canada, to strengthen the economics of the extremities of Canada, and

[Mr. Smallwood.]

even out as far as British Columbia, which is an extremity. Candidly, I mean to strengthen the economy of the Atlantic provinces of Canada. If this conference can help to do that, it will be a great thing for Canada as well as being a great thing for the Atlantic provinces.

But one thing in particular has been mentioned here today that might help it, and that is to find a way in which, without interfering with the fact that property and civil rights are strictly within provincial jurisdiction and without laying yourselves open to the charge that you are trying to dominate the provinces or trying to grab the natural resources of the provinces, if some way could be found whereby the government and the Parliament of Canada could assist actively and more energetically with exceptional, with quite extraordinary means, nothing traditional, nothing that has ever been done before in Canada, because if it is, then it is not good enough, but something quite extraordinary on the part of Canada to move in with all the science she has, all the skill, and all the experience, not like it was three years ago when I thought of an airborne magnemetric survey to go into certain places in Newfoundland, which we eventually did ourselves at a cost of a quarter million. The Attorney-General of Newfoundland said: "Why not ask the Government of Canada to do it?" They had an aircraft. It was somewhere up in the Northwest Territories and would be available two years later to do an airborne magnemetric survey of the great mineralized area of Newfoundland. As I say, we did it ourselves at a cost of a quarter of a million. I do not mean that kind of effort; I do not mean energy of that dimension. What I mean is that Canada, as Canada, recognize frankly that some of the wealth of Canada is in the Maritime Provinces and in Newfoundland and for her to move in there in the interests of Ontario, in the interests of Quebec, in the interests of Canada as a whole, move in bodily in a big way, in a way perhaps unprecedented in the history of North America, move in there to discover, to measure, to blueprint and then assist in the development of what natural wealth is down there, or just move the people to Upper Canada where manifest destiny intended them to be.

The CHAIRMAN: Gentlemen, we have heard some very interesting general statements in this public meeting. We have also heard quite a large number of suggestions as to the matters that should be considered on the agenda of our main conference and of the methods that should be adopted to prepare for their proper consideration. Perhaps it might be convenient if tomorrow morning we attempted to sit down as a committee and discuss these matters in a more conversational form where we shall not hesitate to put questions and to give answers to each other with respect to our approach to these various general statements we have heard this afternoon. Perhaps in that way we shall be able to co-ordinate some of them.

We might come to the conclusion that some of them may have to be dealt with rather differently from putting them on the agenda of the main conference to take place later this year. If we devoted a few hours to that kind of committee discussion of those proposals we would perhaps make considerable headway. If that is agreeable, perhaps we might meet here at half past ten in the morning as a committee of those who are participating in the conference to proceed in an informal manner to deal with the formal questions and answers and an exploratory examination of those interesting suggestions we have heard today. We can then report to our newspaper friends what results we have achieved and perhaps then complete this preliminary meeting in another public gathering that we may find to be useful and desirable. If that were agreeable, I would suggest that we rise at this time and meet here tomorrow morning at half-past ten.

—The Conference adjourned at 5.15 p.m.

APPENDIX "A"

English Translation of Speeches Delivered in French

Mr. ST. LAURENT (*Prime Minister of Canada*): I wish to speak in the two official languages of our parliamentary traditions because it is the tradition here as well as in Quebec to use, at will, one or the other of these two languages.

I am certain that we shall be able, whatever the language in which we express ourselves, to make known to others our sincere intentions to co-operate for the greater advantage of our fellow citizens.

Mr. DUPLESSIS (*Premier of Quebec*): Mr. Prime Minister, Prime Ministers of the provinces, Federal and Provincial Ministers and delegates, it is fitting I believe, indeed I am certain, for the Prime Minister of the Province of Quebec to say his first words in French, the language of the majority of my province, the language which is echoed in all provinces and even beyond Canada for teaching and promulgating the blessings of Christianity and civilization.

We are here Mr. Prime Minister not as delegates or as partisans of a political party but as Canadian citizens wishing to cooperate, attentive to each other's rights, in the settlement of personal problems and without any desire to create additional problems for the Federal Government.

APPENDIX "B"

OFFICE OF THE PRIME MINISTER

CANADA

OTTAWA, January 14, 1955.

The following letter was sent to all Provincial Premiers with the exception of the Premier of Quebec

My dear Premier:

You will no doubt have learned from the press that I have been in communication with the Premier of Quebec about the situation created for personal income taxpayers in that province resulting from the imposition of a provincial income tax applicable in the years 1954, 1955 and 1956.

Before this provincial tax was imposed, the situation in Quebec was that the income taxpayers of that province were paying federal taxes at the same rate as other Canadians although the people of Quebec were not receiving the financial advantage for their provincial services that the people of the other provinces were receiving through the tax rental agreements.

Since the imposition of the provincial tax many of the personal income taxpayers in Quebec are required to pay higher personal income taxes than other Canadians, and payments under the tax rental agreements are still unavailable to the people of that province, because the government of the province preferred, as was its right, not to conclude an agreement.

At the time the provincial tax was imposed, the provincial authorities suggested publicly that the total amount of the tax paid to the province should be allowed by the federal authorities as a tax credit against the federal income tax.

If the federal government had accepted this suggestion, we would have felt obliged to make the same concession to any other province, and this would have meant that the effective rate of federal taxation in each province would have been set by the provincial authorities and would have differed from one province to another. We felt that the federal law must be uniform in its application in all provinces.

We did indicate, however, that the federal government was not wedded to the principle of tax rental agreements to the exclusion of any better alternative arrangement if one could be found. At the same time, we made it clear that the present government had no intention of abandoning the objective of the tax rental agreements which is to make it financially possible for all provinces, whatever their tax base, to perform their constitutional functions themselves and to provide a reasonable Canadian level of provincial services without an abnormal burden of taxation. That is the foundation of the policy of the federal government.

I had a meeting with the Premier of Quebec at his request in October and he indicated, at that time, that he was considering making certain amendments to the provincial tax law which he hoped might make some temporary arrangement possible. My colleagues and I felt it was our duty to make every effort to find some alternative to the tax rental agreements which would preserve the fundamental objective of those agreements which I have mentioned and at the same time be more acceptable to all provincial governments.

We are not yet in a position to propose an alternative to the tax rental agreements which we believe would be generally satisfactory and, as the agreements still have two years to run, we felt that, meanwhile, we should propose a stop-gap arrangement which, without being unfair to the other provinces, would reduce the burden of double taxation placed on many of the income taxpayers in the province of Quebec.

I have already indicated that we could not meet the suggestion of the Quebec authorities and allow the whole of their provincial income tax to be deducted from the federal tax, unless we were prepared to accord a similar right to any other province.

It is our view that whatever differences there may be in the tax laws adopted by the different provinces, the federal laws must be the same everywhere and must be such as to leave the federal government with the revenues needed to fulfil its national responsibilities.

At present the federal law allows every Canadian taxpayer having to pay a provincial personal income tax to claim a deduction up to 5 per cent of his federal tax. This method of deduction raises certain administrative difficulties and, what is even more serious, it makes the real incidence of the provincial tax depend on the terms of the federal law and makes the total amount deducted from the federal tax depend on the terms of the provincial law. Instead of deducting the provincial tax from the federal tax we intend to propose a reduction of the federal tax for all taxpayers of a province having a provincial tax, whether or not they have to pay the provincial tax. Thus, the taxpayers of such a province will receive the benefit of the total amount of the reduction in the federal tax and the federal and provincial authorities will be able to determine, independently of one another, in what way and to what extent their taxpayers will be subjected to their respective taxes.

The 5 per cent deduction allowed at present by the federal law was fixed in 1946. Since that time, two changes have occurred. In the first place, the rates of the federal tax have been reduced with the result that there has been a corresponding reduction in the amount represented by the 5 per cent. In addition, the tax rentals paid by the federal government to the provinces under the tax agreements have been rising as a consequence of the increase in the population and in the national product.

Pending the results of a new federal-provincial conference, we propose, therefore, to ask Parliament to amend the federal income tax law in order to grant a reduction of 10 per cent to all taxpayers of any province where a provincial income tax is levied whether or not all these taxpayers have to pay the provincial tax. We will recommend that this amendment apply to the years 1955 and 1956. At the same time, we will ask Parliament to release from its present agreement any province which would prefer this new arrangement.

Moreover, we feel it would be reasonable to make the new percentage apply to taxpayers who have been in fact subjected to two taxes on their 1954 income. We intend, therefore, to propose that income taxpayers who will have paid a provincial tax for 1954 be allowed a deduction up to 10 per cent of their federal tax.

I shall be glad to know at your convenience whether your government would wish to be released from the tax rental agreement in order to take advantage of the proposed new arrangement for 1955 and 1956.

It had always been understood that it would be necessary to hold a federal-provincial conference before the end of 1955 to discuss fiscal arrangements for the years which will follow the present tax rental agreements. In the light of recent developments it might be the desire of the provincial governments to have this conference held at an earlier date.

I shall accordingly communicate with you again shortly after my return from the Commonwealth Prime Ministers' Meeting in London towards the middle of February with a view to working out arrangements for a conference at a time which will be satisfactory to all governments concerned.

Yours sincerely,

(Sgd.) LOUIS S. ST. LAURENT.

APPENDIX "C"

OFFICE OF THE PRIME MINISTER

CANADA

OTTAWA, March 8, 1955.

(The following letter was sent to all Premiers)

My dear Premier:

In my letter to you of January 14th, I said that I would be writing again after my return from London with a view to working out arrangements for a Federal-Provincial fiscal conference later this year.

Following further consideration of the matter with my colleagues, I am writing now to you to propose that we hold a preliminary meeting here in Ottawa shortly after Easter, say, April 21st and 22nd, if those days are convenient to all of us.

I suggest that the purpose of this preliminary meeting should be to reach some conclusions on the broad outline of the agenda for the main conference and to decide upon an opening date.

I am sure we all agree that the main conference will be an important occasion, and that to be successful, a good deal of careful thought and study should go into the preparations for it.

Yours sincerely,

(Sgd.) LOUIS S. ST. LAURENT.

APPENDIX "D"

Press Communique

At the conclusion of the preliminary meeting held at Ottawa on April 26th and 27th, 1955, it was announced that Federal and Provincial representatives had agreed that the main Conference would open in Ottawa on Monday, October 3rd.

It was also agreed that the following items would constitute the agenda for the October meeting:

1. Federal-Provincial Fiscal Relations.
2. Public Investment and Natural Resources Development.
3. The desirability of establishing a Federal-Provincial Continuing Committee.
4. Health and Welfare Services.
5. The timing and scope of such other special conferences as may be desired.

The meeting discussed the question of federal participation in meeting costs of relief to unemployed persons not in receipt of unemployment insurance benefits. It was agreed that this matter should not wait for the October meeting, but should be referred immediately to a committee of federal-provincial officials who would collate the essential facts, examine certain technical problems and report back to a meeting of federal-provincial Ministers as early as possible.

The Conference appointed a committee of representatives from each province, to meet under the chairmanship of the federal Deputy Minister of Finance, to conduct the preparation of statistical and technical material for the October meeting.

APPENDIX "E"

LIST OF FEDERAL AND PROVINCIAL REPRESENTATIVES AND ADVISERS

FEDERAL GOVERNMENT

Rt. Honourable L. S. St. Laurent, Prime Minister,
 Honourable Paul Martin, Minister of National Health and Welfare,
 Honourable Milton F. Gregg, Minister of Labour,
 Honourable Stuart S. Garson, Minister of Justice,
 Honourable R. H. Winters, Minister of Public Works,
 Honourable Walter Harris, Minister of Finance.

ADVISERS

Mr. K. W. Taylor, Deputy Minister of Finance,
 Mr. R. B. Bryce, Secretary to the Cabinet,
 Dr. G. F. Davidson, Deputy Minister of Welfare,
 Mr. A. H. Brown, Deputy Minister of Labour,
 Mr. M. W. Sharp, Associate Deputy Minister of Trade and Commerce,
 Mr. J. R. Beattie, Deputy Governor of the Bank of Canada,
 Mr. A. K. Eaton, Assistant Deputy Minister of Finance,
 Mr. M. Lamontagne, Economic Adviser, Privy Council Office,
 Mr. J. J. Deutsch, Assistant Deputy Minister of Finance,
 Mr. Paul Pelletier, Assistant Secretary to the Cabinet,
 Mr. R. M. Burns, Department of Finance.

PROVINCIAL GOVERNMENTS

ONTARIO

Honourable Leslie M. Frost, Prime Minister, President of the Council and Provincial Treasurer,
 Honourable Dana Porter, Attorney General,
 Honourable George H. Dunbar, Minister of Municipal Affairs,
 Honourable William A. Goodfellow, Minister of Public Welfare,
 Honourable William Griesinger, Minister of Public Works,
 Honourable William E. Hamilton, Minister without Portfolio,
 Honourable Mackinnon Phillips, Minister of Health,
 Honourable F. S. Thomas, Minister of Agriculture,
 Honourable W. K. Warrender, Minister of Planning and Development,
 Honourable J. N. Allan, Minister of Highways,
 Honourable William M. Nickle, Provincial Secretary and Registrar,
 Honourable H. A. Cotnam, Provincial Auditor,
 Mr. W. Malcolm McIntyre, Secretary of the Cabinet,
 Mr. Clifford R. Magone, Deputy Attorney General,
 Mr. Hugh E. Brown, Deputy Provincial Treasurer,
 Mr. Chester S. Walters, Comptroller of Finances,
 Mr. George E. Gathercole, Provincial Economist and Assistant Comptroller of Finances,
 Mr. Philip T. Clark, Comptroller of Revenue,
 Mr. J. W. P. Carter, Director, Municipal Administration Branch Department of Municipal Affairs,
 Mr. James S. Band, Deputy Minister of Public Welfare,
 Dr. J. T. Phair, Deputy Minister of Health and Chief Medical Officer of Health of Ontario,
 Mr. Clifford D. Graham, Deputy Minister of Agriculture,
 Mr. G. Frank Perkin, Commissioner of Marketing, Department of Agriculture.

ADVISERS

Mr. H. E. Harris,
 Professor C. Grant Crawford,
 Professor D. C. MacGregor,
 Professor Edward E. Reilley,
 Professor Malcolm Taylor.

SECRETARIAT

Mrs. Philomene Gregory,
 Private Secretary to the Provincial Treasurer.

QUEBEC

Honourable M. L. Duplessis, Premier and President of the Executive Council,
 Honourable O. Gagnon, Minister of Finance,
 Honourable A. Barrette, Minister of Labour,
 Honourable Y. Prevost, Minister of Municipal Affairs.

NOVA SCOTIA

Honourable Henry D. Hicks, Premier, Provincial Secretary and Minister of Education,
 Honourable M. A. Patterson, Attorney General, Minister of Mines and Minister of Labour,
 Honourable Ronald M. Fielding, Provincial Treasurer and Minister of Municipal Affairs.

PROVINCIAL GOVERNMENTS—*Continued*

ADVISERS

Mr. John A. Y. MacDonald, Deputy Attorney General,
Mr. Innis G. MacLeod, Senior Solicitor in the Department of the Attorney General,
Mr. L. E. Peverill, Provincial Auditor.

NEW BRUNSWICK

Honourable Hugh John Flemming, Premier and Minister of Public Works,
Honourable T. B. Parlee, President of the Executive Council and Minister of Municipal Affairs,
Honourable D. D. Patterson, Provincial Secretary Treasurer,
Honourable W. J. West, Attorney General.

ADVISERS

Mr. R. S. FitzRandolph, Comptroller-General,
General W. Borden Trites, Deputy Secretary Treasurer,
Professor W. Y. Smith, University of New Brunswick,
Mr. K. B. Carson.

MANITOBA

Honourable Douglas Campbell, Premier and President of the Council,
Honourable Ronald D. Turner, Provincial Treasurer.

ADVISERS

Mr. J. Stuart Anderson, Deputy Provincial Treasurer,
Mr. C. Newell Rowse, Budget Officer,
Miss June T. Shaley, Research Analyst.

BRITISH COLUMBIA

Honourable W. A. C. Bennett, Premier, President of the Council and Minister of Finance,
Honourable R. W. Bonner, Attorney General,
Honourable R. E. Somers, Minister of Lands and Forests and Minister of Mines.

ADVISERS

Mr. E. M. Gunderson, Economic Adviser for the Government of British Columbia,
Mr. J. V. Fisher, Deputy Minister of Finance,
Mr. Carl Goldenberg,
Mr. Ronald B. Worley, Executive Assistant to the Premier.

PRINCE EDWARD ISLAND

Honourable A. W. Matheson, Premier, Attorney General and President of the Executive Council,
Mr. William E. Massey, Deputy Provincial Treasurer.

SASKATCHEWAN

Honourable T. C. Douglas, Premier, President of the Council and Minister of Co-operation and Co-operative Development,
Honourable C. M. Fines, Provincial Treasurer.

ADVISERS

Mr. A. W. Johnson, Deputy Provincial Treasurer,
Mr. T. K. Shoyama, Secretary, Saskatchewan Economic Advisory and Planning Board,
Mr. H. S. Lee, Executive Assistant to the Premier.

PROVINCIAL GOVERNMENTS—*Concluded*

ALBERTA

Honourable E. Manning, Premier and Provincial Treasurer, Minister of
Mines and Minerals,
Honourable C. E. Gerhart, Minister of Municipal Affairs and Provincial
Secretary.

ADVISER

Mr. J. J. Frawley, Special Counsel.

NEWFOUNDLAND

Honourable J. R. Smallwood, Premier and Minister of Economic Develop-
ment,
Honourable G. J. Power, Minister of Finance,
Honourable Leslie R. Curtis, Attorney General,
Honourable F. W. Rowe, Minister of Mines and Resources, Public Welfare.

ADVISER

Mr. Walter M. Marshall, Deputy Minister of Finance.

.

SECRETARIAT

Secretary: Mr. Paul Pelletier, Assistant Secretary to the Cabinet.
Assistant Secretary: Mr. H. J. Hodder, Privy Council Office.
Administrative Officer: Mr. M. J. Deacey, Privy Council Office.

INDEX

- Agriculture*, 43.
 Agricultural marketing, 19, 45.
- Alberta* (see also Hon. E. C. Manning), 16, 51, 58.
- Bennett*, Hon. W. A. C. (Premier of British Columbia)
 statement, 35 to 41.
- British Columbia*, (see also Hon. W. A. C. Bennett), 13, 46, 56, 58.
- British North America Act*, 37, 40.
- Campbell*, Hon. Douglas (Premier of Manitoba)
 statement, 33 to 35.
- Committees*
 Federal Provincial Technical and Advisory, 16, 17, 25, 40, 42, 44, 51.
 on Federal Provincial Joint Public Investment, 40.
- Defence*
 Cost, 10, 50.
- Douglas*, Hon. T. C. (Premier of Saskatchewan)
 statement, 43 to 51.
- Duplessis*, Hon. Maurice L. (Premier of Quebec)
 statement, 22, 23.
- Economic Development* (see also Natural Resources), 45, 53, 54.
- Education*, 20, 35, 36, 42, 43, 46.
- Employment*, (see also unemployment), 11, 17, 18, 21, 24, 37, 45, 48, 50.
- Federal Provincial Conferences*
 conference 1935, 7.
 conference 1941, 7.
 conference 1945-1946, 7, 8, 9, 17, 34, 37, 45, 47, 48.
 conference 1950, 7, 8, 34, 45.
 conference 1955,
 agenda, 11, 22, 29, 33, 44, 47, 52, 56, 59
 date, 15, 44, 52.
- Federal System*, 13, 21, 25, 29.
- Fiscal Relations*, 11, 33, 45, 52.
- Flemming*, Hon. Hugh John (Premier of New Brunswick)
 statement, 29 to 33.
- Frost*, Hon. Leslie M. (Premier of Ontario), 27, 41.
 statement, 15 to 22.
- Grants*, 28.
 timing, 9.
 equalization, 41.
 conditional, 52.
- Health*, 46, 49, 52.
 grants, 9, 19, 42.
 insurance, 9, 18, 49.
 programme, 34, 40.
- Hicks*, Hon. Henry D. (Premier of Nova Scotia)
 statement, 23 to 29.

- Highways* (see also Trans-Canada Highway), 32, 33, 42, 58.
Immigration, 52.
- Jones*, Hon. Walter, 15, 16, 22, 41, 43.
- Macdonald*, Hon. Angus L., 15, 22, 23, 43.
- Manitoba* (see also Hon. Douglas Campbell), 16.
- Manning*, Hon. E. C. (Premier of Alberta)
 statement, 51 to 55.
- Matheson*, Hon. A. W. (Premier of Prince Edward Island)
 statement, 41 to 43.
- Municipality*, 13, 20, 35, 39, 40, 46, 47, 48, 52.
 municipal representatives, 35.
- Natural Resources*, 37, 39, 40, 56, 57.
 development, 20, 29, 30, 31.
- New Brunswick* (see also Hon. Hugh John Flemming), 35, 36, 57, 58.
- Newfoundland* (see also Hon. Joseph R. Smallwood), 13, 15, 55.
- Nova Scotia* (see also Hon. Henry D. Hicks), 46, 57, 58.
 coal industry, 24, 25.
- Old Age Security*, 8, 19, 49.
- Ontario* (see also Hon. Leslie M. Frost), 43, 46, 58.
- Population*, 20, 58.
- Prince Edward Island* (see also Hon. A. W. Matheson), 41, 57, 58.
- Public Investment*, 9, 18, 33, 37, 39, 40, 44, 49, 50, 51, 53, 54.
- Quebec* (see also Hon. Maurice Duplessis), 27, 46, 58.
- Railways*, 42.
- Rowell Sirois Commission*, 17, 25, 26, 33, 48, 49.
- Royal Commissions*
 Duncan and White, 32, 33.
 on economic growth, 34, 51, 53.
 on financing of schools in New Brunswick, 31.
- Saskatchewan* (see also Hon. T. C. Douglas), 16, 43, 51, 57.
- Smallwood*, Hon. Joseph R. (Premier of Newfoundland)
 statement, 55 to 59.
- Social Security* (see also Welfare), 8, 9, 29, 30, 34, 45, 49.
- St. Laurent*, Rt. Hon. L. S., Chairman (Prime Minister of Canada),
 statement, 7 to 15.
- Tax Agreements*, 8, 11, 12, 17, 25, 26, 27, 30, 31, 33, 41, 45, 46, 52, 53, 56, 57.
- Taxation*, 38, 39.
 income, 12, 38, 39.
 corporation, 12, 38, 39.
 consumption, 39.
 taxable capacity, 26, 30, 31, 39.
- Trans-Canada Highway*, 9, 32, 33, 39, 40, 58.
- Unemployment* (see also employment), 17, 18, 23, 24, 33, 34, 35, 44, 45, 47, 52,
 54, 56, 57.
 assistance, 9, 13, 14, 18, 37, 40, 44, 45, 47, 48, 50, 51.
 insurance, 9, 13, 14, 37, 40, 47.
- Welfare* (see also social security), 20, 34, 37, 46, 52.

