

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Eleventh Legislature
32nd Day

Friday, March 16, 1951

The House met at three o'clock p.m.

B.N.A. ACT AMENDMENT

Old-Age Pensions

Motion No. 1

Moved by the Hon. Mr. Douglas (Weyburn), seconded by the Hon. Mr. Fines:

“THAT this Assembly approves in principle the amendment to the British North America Act proposed by the Government of Canada following the Federal-Provincial Conference held in December, 1950, designed to provide that while the Legislature may make laws in relation to Old-Age Pensions within the province, the Parliament of Canada may make laws in relation to Old-Age Pensions in Canada, and authorizes the Lieutenant Governor in Council to approve any amendment incorporating such principle or to approve any amended wording suggested by the Government of Canada and deemed to embody such principle.”

Premier Douglas: — Mr. Speaker, only one with more nerve than sense would take on hand to speak the day before St. Patrick's Day and with shamrocks on the members' desks, but probably in view of the fact that it is a non-controversial subject that we are going to discuss, it may be very appropriate for this St. Patrick's Day. The member for Souris-Estevan (Mr. McCormack) said there were no Socialists in Southern Ireland. I would like to tell him that at the Commonwealth Parliamentary Conference quite a number of the delegates from Southern Ireland were Socialists. That is probably because the Irish like to fight, and being a Socialist always gives you a good opportunity for fighting and there are always plenty of people to fight with. The thing I found most about the people of Southern Ireland was; I asked them how they were getting along with the North of Ireland and they said it was a lot better since the English left. They said, “Now the English have gone we can have peace to fight”; and they have been availing themselves of it very completely.

Nobody has ever been able to determine just what the full significance of the shamrock is. I am told that the real reason was that, when the monkeys got so thick in Ireland, St. Patrick sent the Irishmen out with Shillelaghs to kill the monkeys and, in order to prevent anyone being hurt because of a case of mistaken identity, all the Irishmen wore shamrocks.

The motion which we are going to discuss this afternoon is: “That this Assembly approves in principle the amendment to the British North America Act proposed by the Government of Canada following the Federal-Provincial Conference held in December, 1950, designed to provide that while

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the Legislature may make laws in relation to Old-Age Pensions within the province, the Parliament of Canada may make laws in relation to Old-Age Pensions in Canada, and authorizes the Lieutenant Governor in Council to approve any amendment incorporating such principle or to approve any amended wording suggested by the Government of Canada and deemed to embody such principle.”

Before discussing the subject matter, I should probably make some reference to this matter of a constitutional amendment. I should say, first of all, that the Government of Canada, at the Conference referred to, in December, suggested they were prepared to undertake certain things which I shall discuss, providing all of the provinces agreed to a constitutional amendment. I have no desire at this time to argue whether or not any constitutional amendment is necessary. There are a good many constitutional authorities who say that the Federal Government could have gone into the field of paying old-age pensions for people 70 years of age and over without a means test, and that they could have done so without any constitutional amendment. Well, I do not think that that argument is very relevant. If the Federal Government feels that a constitutional amendment is necessary and that the whole situation will be clear, without the shadow of a doubt, and they want such a constitutional amendment, then I think that the Legislatures of Canada should be prepared to agree to such an amendment. So I am not going to argue whether or not the constitutional amendment is necessary.

Secondly, the constitutional amendment which the Federal Government is proposing does not have to be concurred in by the Provinces. As every hon. member knows, the Parliament of Canada by an Address of both Houses to Westminster could effect a constitutional amendment without any reference to the provinces at all. But again, the Government of Canada has taken the position that, on matters of fundamental importance such as this is, they must have the consent of all the Provinces, or at least the Governments of all the provinces. Now, I hope that this is not to be taken as a precedent. We, on this side of the House have always taken the position that no constitutional amendment should depend on the unanimous consent of all the provinces or, to put it in reverse, that no single province, or even a minority of the provinces, ought to have the power of veto by which they could prevent a constitutional amendment being passed if the majority of the provinces and the Federal Government wanted such a constitutional amendment put into effect. But in this case, and for reasons best known to themselves, which I do not think are relevant to this discussion, the Federal Government has said that they will not proceed with this old-age pension plan unless this constitutional amendment is agreed to by all the Provincial Governments.

Now, all that we were asked to do was to simply send a letter on behalf of the Government of Saskatchewan, agreeing to this particular constitutional amendment. I have taken the position which I expressed the other day, and I was glad to see that the Leader of the Opposition agreed with me, and it is that on so important a matter as agreeing to an amendment to the Constitution of Canada, I do not feel that the Lieutenant Governor in Council ought to act on its own authority and that on a matter as important as this the whole Legislature, representing all the people of the province, ought to express their approval one way or the other. And for that reason, Mr. Speaker, this is now before us.

May I also take just a moment to explain why we have changed the wording from the motion as it was originally placed on the Order Paper. As I

have said, the Government of Canada submitted a draft proposed amendment and that was what I placed originally on the Order Paper. Since that time, several Provincial Governments have suggested changes in the wording. Those changes have been forwarded to us and we have agreed to the change in the wording because we do not think it changes the principle. We have no guarantee, even yet, that some other province will not suggest a changing in the wording and that the Federal Government will, in consequence, alter the wording in some particular. Therefore, we did not want to have this Legislature vote on a wording that would later be changed and make the whole motion null and void. For that reason we have put down here, in general terms, what the constitutional amendment will be and then have added the words, "and authorizes the Lieutenant Governor in Council to approve any amendment incorporating such principle or to approve any amended wording suggested by the Government of Canada and deemed to embody such principle." That is, we are asking, this afternoon, that the members of the Assembly shall agree to the wording as contained in the motion and shall give to the Lieutenant Governor in Council the authority to agree to any other constitutional amendment that may be worded slightly differently from this motion, providing that the principle is not altered in any respect. That is all we can do, in view of the fact that we do not know what will be the final wording of the amendment that will be proposed by Ottawa.

Well, Mr. Speaker, as I have said, the constitutional amendment which we are now discussing came as a result of the Federal-Provincial Conference held in Ottawa on December last. And in order to discuss that Conference and the proposals which came out of it, it might be wise for me to take just a few minutes to go back and look at the background of that Conference. All hon. members know that for some 20 years now the whole problem of Federal-Provincial relations has been a matter of concern to all public people in Canada. When the Constitution of Canada was passed in 1876, it allocated certain responsibilities to the Federal Government and allocated certain responsibility to the Provincial Governments. It also allocated to these Governments the sources of revenue which they had in order to discharge the responsibilities allocated to them. But in the 80 years that have elapsed since, the responsibilities have changed in their scope, with the result that things like education, health, social welfare, have become immeasurably greater responsibilities than any person could have thought possible 80 years ago. And so, it was found that, when we ran into the depression of the '30s that the provincial and municipal governments, who had to look after able-bodied unemployed, who had to look after and to provide health services for the indigent, and all those other responsibilities that are part of the modern concept of social welfare, those provinces and municipalities had not the financial wherewithal to discharge the responsibilities. As a result of that, the Rowell-Sirois Commission was set up — I think it was in 1938. That Commission did a very fine job and I have often said, I think in this House, and I want to repeat, that in my opinion if we are ever to come seriously to grips with the problem of federal, provincial and municipal relations we will be compelled ultimately to go back and implement the basic recommendations of the Rowell-Sirois Commission.

The Rowell-Sirois Commission recognized that, because of the enlarged concept which we have in the Twentieth Century of our responsibilities as a community for the needy, the aged, the sick and the physically handicapped, a great burden had been laid upon provincial and municipal governments, and that one of two things must happen: either the provincial and municipal governments

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must get new sources of revenue, or the Federal Government must assume some of these responsibilities which the 'Fathers of Confederation' have placed upon the province and municipalities.

You will remember, Mr. Speaker, what their recommendation was. They asked that the main tax fields — corporation, income and inheritance taxes — should be pooled; the Federal Government should collect them all, and then should allocate from that pool, the funds to the respective provinces on the basis of fiscal need. They pointed out that by doing that we would accomplish three things. First of all we would be making it possible for the provinces and municipalities to exercise the powers that had been given to them with respect to looking after the unfortunate, the disabled, the aged and the sick. Secondly, they pointed out that it would enable provinces that were later in their development to get access to some of the tax revenue which came from their province but which had not been paid in their province; that is, we have in Saskatchewan, as an illustration, oil companies, banks, railways, insurance companies, farm implement companies, who do a large part of their business here in Saskatchewan and on these prairies but they pay their income tax and their corporation tax in another part of Canada. By pooling these taxes the governments of provinces like ours would get their fair share of that tax revenue. And the third thing that they desired to make possible was that we would be enabled to establish a certain national minimum of Welfare so that a man or a woman, because they were Canadian citizens, would be entitled to a certain minimum standard of security, that a child, because it was a Canadian citizen, would be entitled to a certain standard of education, rather than having a very high standard of social welfare and education in one part of Canada and a relatively low standard in another part of Canada.

There is no need to labour the history of what happened following the Rowell-Sirois Report. The Conference, which was called in 1941, broke up and nothing was done until immediately after the war. In 1945 a federal election was held and in that federal election the Liberal party had made, as part of its platform, that it was prepared to pay old-age pensions at 65 years of age, was prepared to institute a comprehensive system of health insurance and so on. Therefore, as soon as the election was over, Rt. Hon. Mr. Mackenzie King, who was the Prime Minister, convened the conference on reconstruction in August 1945.

At that conference, hon. members will remember, the Federal Government made certain proposals. I can enumerate them very briefly: (1) That the provinces should surrender to the Federal Government, for a stated period of time, the income, corporation and inheritance tax fields, in return for which they would receive a subsidy on a per capita basis. I would draw your attention to that, Mr. Speaker, it was not to be on a basis of fiscal need, but to be on a per capita basis — an equal amount to each province in relation to the number of people). If the provinces turned over these fields of revenue and took this subsidy, the Federal Government was prepared at that time to institute a comprehensive system of health insurance in which they agreed to pay 40 per cent of the cost up to a stated figure, providing the provinces would pay the other 60 per cent or collect the other 60 per cent from the population. They were willing, furthermore, to take over the responsibility for paying old-age pensions of \$30 a month to all people 70 years of age and over without a means test, providing the Provinces were prepared to pay 50 per cent (they had formerly been paying 25 per cent) of the cost of an old-age pension with a means test, to those who were between 65 and 70.

Then, in addition, Mr. Speaker, there were proposals with regard to housing, with regard to agriculture, with regard to public investment. I shall not go into those at all. Suffice it to say that that conference, which was held in the fall of 1945 and which continued in the spring of 1946, came to naught when the Governments of Ontario and Quebec practically withdrew from the conference.

Before that conference broke up, the Hon. Stuart Garson, who was then Premier of Manitoba, and myself both urged upon the Federal Government the desirability of proceeding with the proposals, or some modification of the proposals, with whatever provinces were prepared to sign the taxation agreement. My hon. friends will remember that subsequently the Federal Government did offer tax agreements to any provinces who were willing to sign, but there had been some change, Mr. Speaker. The provinces were to give up these tax fields I have mentioned, but they were not to be repaid on a per capita basis. New formulas were worked out which gave preferred and better treatment to the more favoured provinces and less favourable treatment to some of the so-called "have-not" provinces.

Now when that tax agreement had been offered to the provinces, as the hon. members know Saskatchewan was one of the first to intimate to the Federal Government that we were prepared to sign the tax agreement. But, having signed the tax agreement, we did not feel that the other proposals (which I have very briefly enumerated) should be dropped, because we pointed out that we had given up all the things that we had been asked to give up, but we were only getting part of the quid pro quo which had been offered to us. That is why I wired the then Prime Minister of Canada, the Rt. Hon. W.L. Mackenzie King, on July 15, 1946, and asked him if the Federal Government were prepared to proceed with the other proposals, as, for instance, health insurance, old-age pensions, public investment, housing; if they were prepared to proceed with that if we signed a taxation agreement. And I had this wire back from the Prime Minister, dated July 15, 1946. He said:

"As soon as there is a sufficient acceptance of the proposed tax agreement we shall be ready to explore, in a general conference or otherwise, the possibility of working out mutually satisfactory arrangements in regard to the whole or any part of our earlier public investment and social security proposals."

Well, I wrote to the Prime Minister under date of November 13th, and said the Saskatchewan Government takes the position that while there can be no value in further discussion of the Dominion-Provincial tax agreements for reasons which are now obvious, "we do feel that the Dominion-Provincial Conference should be reconvened as quickly as possible, in order to facilitate some agreement in matters of social security, unemployment, health insurance and old-age pensions. The Saskatchewan Government feels that it should be possible to find certain minimum services at least, on which the provinces and the Federal Government could agree to proceed." In answer to that letter, Mr. King wrote back, under date of November 22nd and said:

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“Our view is that no substantial progress could be anticipated in a general conference until the position of all the provinces with respect to the tax agreements have been clarified. The Dominion Government adheres to the position set out in my telegram to you of July 15, 1946.”

When we got to August 13, 1947, almost a year later, and the taxation agreements had been signed, I wired the Prime Minister as follows:

“In view of the fact that seven provinces have now signed Dominion-Provincial tax agreements, Saskatchewan Government urges that conference be called immediately to work out details for implementing proposals regarding old age pensions, health insurance, unemployment and public investment.”

And, in reply to that, Mr. King wired, under date of August 14th and said:

“I am doubtful if Government would be prepared to go beyond position stated by Mr. Abbott in Parliament in presenting the budget and in moving second reading of Bill to authorize Dominion-Provincial Tax Agreement.”

I then wrote Mr. King, apropos of his wire, a letter of February 25, 1948, and said:

“It has never been made clear just what the Federal Government meant by the term ‘sufficient acceptance’. We feel that since considerable time has elapsed, the matter of a Dominion-Provincial Conference on social security and public investment should not longer be delayed. Those provincial governments who are desirous of proceeding with health insurance plans and other social security measures ought not to be further penalized because two provinces do not see their way clear to enter into a tax agreement with the Federal Government.”

Mr. King answered that in a letter of March 13th, and I quote one sentence from it:

“You may be assured that a further review of the whole situation will be made by the Government at the earliest favourable opportunity.”

Then, Mr. Speaker, we had a federal election in 1949, and a new Prime Minister. I, therefore, wrote to him, under date of July 15th, and said:

“The Government of Saskatchewan feels that the Dominion-Provincial Conference on Reconstruction should be reconvened

at the earliest possible date in order to discuss some of the more pressing matters that have been left in abeyance since the first conference nearly four years ago. The problems which the Federal Government recognized as crying for attention then are even more pressing now. We would like to see the matter of health insurance tackled without further delay. We are convinced of the necessity of providing a pension for the people in the 65 to 69 year group. The Government of Saskatchewan believes that nothing but good can come of discussing and preparing plans that would be available to provide large scale public works projects of socially useful undertakings. The time is long overdue when the federal and provincial authorities should seek to find the solution to these and related social and economic problems.”

The Prime Minister answered that letter in a letter under date of August 18, 1949 and said:

“I am not convinced that the best way for us to attempt to discharge the duty of advancing the welfare of the people whom we represent is to come together at once in a full-dress Dominion-Provincial Conference. More progress can be made toward bringing about co-operation between the Federal Government and the provincial governments by preparatory work consisting of frank discussion with individual provincial administrations about separate concrete questions. It may be that as a result of the separate discussions it will be found desirable to call this conference considerably earlier than one year before March 31, 1952 . . .” (he is now speaking of the conference to renew the tax agreements) . . . “the date of the expiry of the tax agreements with the seven provincial governments, and it may be also that it will be found desirable to have, at an earlier date, some general conference with a more restricted agenda, to deal with specific problems about which general agreement might be expected.”

I wrote to the Prime Minister under date of September 22nd. I will not bother to read all the letter, but will quote one sentence from it.

“The matter of the agenda lies largely with your Government and you will have to accept the responsibility as to how limited the agenda is.”

Well, the Prime Minister decided to call this conference, and the conference was called by a letter sent out to all the provincial governments under date of December 7, 1949, and I quote this paragraph:

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“Several questions have been proposed for discussion at various times and there may be others which it would be helpful to consider jointly. I would propose that a general conference should be held early in the autumn of 1950, possibly in September or October, to discuss general questions of common concern to the Provincial and Federal Governments. If the suggestion for a conference meets with approval, views might be exchanged in the next few months as to the matter that should be placed on the agenda.”

I immediately replied to that letter under date of December 10th, and said:

“Your proposal that a general Dominion-Provincial Conference be held early in the autumn of 1950, meets with the complete concurrence of the Saskatchewan Government. This is something we have been advocating ever since the previous Dominion-Provincial Conference was adjourned sine die on May 3, 1946. The Government of Saskatchewan will be pleased to forward to you in the course of the next few months, our recommendations regarding subjects for discussion in the general conference. I trust we can take it for granted that the basis for these discussions will be the recommendations of the Rowell-Sirois Commission. Furthermore, I trust we can be assured that the Dominion proposals of August 1945, which would have implemented only in part the Rowell-Sirois Report, will also be on the agenda as a basis of discussion.”

On December 19th, the Prime Minister wrote and said:

“The matters for discussion at the general conference to be held early in autumn of 1950 will depend upon the views of the respective governments as to what should constitute the agenda.”

Then, on January 27th of 1950, the Prime Minister wrote and said:

“It might be desirable to endeavour to draw up immediately a tentative agenda, in order that the necessary preparations may be carried forward by the respective governments.”

On March 8th, I sent to the Prime Minister on behalf of the Government of Saskatchewan, our proposals for the agenda for that conference. I will not go into the details but merely give the main headings:

1. Financial arrangements — Under that, a discussion of the Rowell-Sirois Report, Tax Rental Agreements, Indirect Taxation Rights for the Provinces, Federal Assistance to provinces and Capital Finance.
2. Social Security and Allied Topics: (1) Comprehensive Social Insurance, Unemployment Insurance, Old-Age Non-contributory Pensions,

Health Insurance; (2) Extension of Unemployment Insurance to cover Farm Labour. (3) Assistance to Self-employed; (4) Extension of Old Age Pensions to all 65 and over and the abolition of the means test.

3. Public Investment: Contracyclical Investment, Federal Assistance to the Development of Agriculture and Natural Resources, Dominion-Provincial relationships re Water Conservation and Development.

4. Marketing of Natural Products: The responsibility of marketing schemes, expanding domestic consumption and disposition of surpluses.

5. Transportation: Federal assistance for highways and control of interprovincial traffic on highways.

6. Federal Aid to Education.

7. Housing.

8. Labour: Under that — National Labour Code and the implementation of the International Labour Office Conventions.

9. Regional Development: The participation of regional authorities for planning and development.

10. The suggestion that there should be a permanent secretariat set up for continuing these Dominion-Provincial relations.

Yes, and under Social Security there was also a sub-heading of Care of the Civilian Handicapped and Permanently Disabled Persons.

Now, I have looked over the agendas submitted by other provincial governments and I have here the summary which was made by the Prime Minister himself, and that will probably show that there was a good deal of agreement as to the kind of things we should be discussing at a Federal-Provincial Conference. Mr. St. Laurent said, in his letter of October 12, 1950:

“Broadly, the matters that have been proposed by the various provinces for discussion at the Dominion-Provincial Conference, fall into the following groups:”

I will enumerate them briefly:

(1) Fiscal Matters, including tax rental agreements, spheres of taxation, subsidies and grants.

(2) Social Security Matters, including old age pensions, health services and unemployment assistance.

(3) Investment, Income and Employment Policies

(4) Resources Development, including matters relating to agriculture and highways.

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(5) Housing.

(6) Miscellaneous matters of particular interest to one or a few provinces.

But there is this significant note following it, it says:

“It has been agreed that financial relationships between the Federal and Provincial Governments should be discussed. It has also been agreed that social security questions, particularly Old-Age Pensions should be considered, but, subject to the exigencies of the international situation, all other matters relate, in one way or another, to the Canadian economy in aspects that have been profoundly affected by the international situation, and it may not be feasible to discuss these matters in quite the same way or with quite the same prospect of reaching general conclusions. The urgent international questions and the fact that we have not completed the Constitutional Conference imposes certain limitations on the area we can hope to cover at our meeting in December. In the circumstances, it has occurred to me it might be best either to limit the conference entirely to fiscal and social security matters or, alternatively, to give primary attention to them and simply have a certain amount of discussion by sub-conference or committees, on other matters, but without any expectation of carrying through to final or definite conclusions at that time.”

I replied to that letter, under date of October 26, 1950, and said:

“The proposal of your Government of October 12, 1950 that the agenda of the forthcoming conference should be of a very limited nature is extremely disappointing. We had hoped that this conference would take up where the adjourned conference on reconstruction had left off. While we recognize that the discussion of a new taxation agreement must take priority, we do not feel that the remainder of the agenda should be limited as to the subjects which should be discussed. The Saskatchewan Government recognizes that the international situation presents a great many problems. The main problem, however, is how best we can preserve and extend democracy throughout the world. We would suggest that this involves waging a campaign on two fronts and that the home front is equally as important as the international front. We have always taken the position that the best way to defend democracy is to remove those social and economic forces that tend to undermine it. It is for this reason that we are extremely anxious that the problems of social security, housing, unemployment assistance and related matters should not be dropped from the agenda of the forthcoming conference.”

The Prime Minister replied, (under date of November 10, 1950,) saying:

“It would appear that it would accord with the views of most of the Premiers if we planned definitely to have fiscal questions

and social security matters on the agenda. As for the other items, I suggested in my letter of October 12th that these should either be left for the time being or, alternatively, discussed only in sub-conferences or committees, but without any expectation of carrying through to final or definite conclusions. In order that there may be some basis on which plans can be made by all the participating governments, possibly it can be understood that the programme should be on the basis that the Conference would definitely discuss fiscal matters and social security matters. When it meets, or during the progress, consideration can be given to the desirability of establishing committees to give some consideration to such other questions as may be agreed. If time permits, any of these questions could, of course, be considered by the Conference itself, if that is the desire of the members.”

And I replied to that, in a letter of November 20, 1950, saying:

“I am glad to know that the majority of the premiers are agreeable to restricting the agenda of the Conference to (1) Fiscal Matters, and (2) Social Security Matters. I am taking it for granted that the subjects to be covered under these two headings are those outlined in your letter of October 12th.”

The hon. member will remember that social security matters was defined in that letter as:

“Social Security Matters, including Old-Age Pensions, Health Services and Unemployment Assistance.”

And I go on to say:

“The Government of Saskatchewan would have preferred to have had a much broader agenda covering many items which we consider to be of pressing importance. We shall reserve the right to press for a discussion of these important questions after the two items mentioned have been disposed of. The very least that ought to be done is to establish sub-conferences to study these questions with a view to bringing in reports at a second conference to be held during 1951.”

That pretty well covers the correspondence, Mr. Speaker, and I must apologize to the House for going over correspondence which must be to some extent tedious; but I think it is important that we have on the record something of the background of these conferences. While these conferences have sometimes proved disappointing, I think we are making some progress and I think it is important to see how we are moving steadily toward the discussion of certain problems and, in one or two cases, arriving at some solution to them.

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I come now to the actual conference itself, held in December of 1950, from the 4th to the 7th, inclusive. In his opening statement, the Prime Minister said:

“While there has been a wide variety of suggestions as to what might be discussed, and while all topics suggested have been of importance, I think I can say that there was a consensus of view that the discussion of fiscal matters would be of fundamental importance. Most of the provincial governments have also indicated a desire to discuss social security, particularly old-age security. For that reason, in my most recent letter I advanced the view that we might concentrate our attention primarily on these two matters.”

He said:

“In 1945, when we hoped for and planned for a long period of peaceful development of our own country, the Federal Government laid before the Provincial Governments the comprehensive, integrated series of proposals. We do not feel that this would be an appropriate course in 1950, when we are faced with an entirely different perspective. It is our view on this occasion that the conference is likely to achieve more if we proceed step by step, discussing the more urgent problems first and endeavouring to work out suitable understandings or arrangements as we go along. To help in easing this physical situation, the Government has already curtailed its own capital programme and is subjecting every contemplated or proposed project to a rigorous test of essentiality. In such circumstances, this does not seem to be the moment to go very far with discussions having for their objective the encouragement of public investment. One of the major concerns of our people is the rising cost of living. This rising cost of living is a reflection of inflationary forces at work in Canada as well as elsewhere in the world. All governments can help to avoid adding to these inflationary pressures by keeping their own expenditures to a minimum.

“I turn now directly to the two matters which I would hope the conference would consider first, namely, fiscal arrangements and social security. The Federal Government is prepared to enter into so-called tax rental agreements with all the provinces, in terms similar to, though not identical with, the agreements now in force in eight provinces.”

The hon. members will remember that Newfoundland came in subsequently, when they came into Confederation:

“We are proposing that the guaranteed minimum return should be increased in proportion to the increase in gross

national product and provincial population between 1942 and 1948. This will result in a very substantial increase in the minimum guaranteed payment. These tax rental agreements will be offered to all provinces for a five-year period beginning at the termination of the present agreements . . .”

Which expire, as the hon. members know, in 1952, March 31st .:

“I indicated in my most recent letter . . .” (the Prime Minister is still speaking at this Conference) . . . “that I felt the Conference would wish to give particular attention to old-age security, in light of the widespread approval of the joint committee of the Senate and the House of Commons report on old-age pensions. The Federal Government is prepared to accept the general lines of the recommendations and to propose them to the Conference as a basis of joint action. The Parliamentary Committee recognized the necessity of constitutional amendment to give the Federal authorities the jurisdiction to establish a contributory system of old-age security. Before seeking such an amendment, the Federal Government is of the opinion that we should have the unanimous agreement of the provincial authorities. Should unanimous agreement to such proposed amendment be achieved, the Federal Government will be prepared to take the steps necessary to implement its part of an old-age security plan along the lines recommended by the Parliamentary Committee. If we agree that the provision of comprehensive old-age pensions along the lines of the Parliamentary Report is right and proper, it will be necessary for the Federal Government to take careful stock of its position before entering into any further commitments in the field of social security.”

And just this last sentence:

“It is the view of the Federal Government . . .” (said Mr. St. Laurent) . . . “that the present is not a propitious time to make comprehensive proposals in other fields, the implementation of which would inevitably limit our capacity to do what we feel may be essential for our national security.”

Now, I am not going to go over and weary members with long quotations from the various speeches that were made. I should like to quote just a paragraph or two from the statement which I made because of some public utterances that I have heard or noted since that conference was held. On the opening day of the conference, in the course of my remarks, I said this:

“It was certainly a disappointment to us when the Federal Government decided not to proceed with its social security measures insofar as those provinces who had indicated

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their willingness to sign a taxation agreement were concerned. Had the Green Book proposals” . . . (The Green Book proposals were the proposals submitted at the Federal-Provincial Conference on Reconstruction in 1945) . . . “been implemented and become part of the social fabric and the economic structure of the Dominion of Canada, they would today be a part of our system and we would, in my opinion, be in a much better position to bear the economic strain for the period of defence preparation or even to face the economic strain of a time of war. A new conference should be reconvened for the purpose of discussing the whole question of national social security. We are disappointed that indications now point to the fact that it may be necessary to restrict the agenda of this conference very considerably.

I said:

“If it is part of the task of resisting Communist aggression in other parts of the world, to build a strong social and economic system, then it is equally true that one of the best defences against the spread of Communism in Canada is that we shall build in Canada a system of national security that will give to our people a measure of protection and a measure of security in this country. The Province of Saskatchewan will gladly concur in any amendment to the British North America Act to provide for contributory old-age pensions.”

I went on and said:

“I notice, in his letter of October 12th to the premiers of the provinces, the Prime Minister quoted, under ‘Social Security Matters’ that it would include old-age pensions, health services and unemployment assistance. I am certainly hoping that in the course of these discussions all three of these sub-headings under ‘Social Security Matters’ will be dealt with. I would like to press for the setting up of sub-conferences to deal with some other matters which are of importance, particularly the subject of health insurance. I think a sub-conference ought also to be set up, if not immediately, then over a period of the next few months, to study such matters as unemployment assistance, assistance to the self-employed, Federal aid to education, housing, care of handicapped civilians and those who are permanently disabled, and the whole question of economic development.”

I said:

“I think that a very useful purpose can be served if, either in committee set up now, or set up subsequent to the adjournment of this conference, we studied the various economic development programmes and public works programmes

which the Provincial Governments have in mind. I think we would want to discuss with one another what things are essential. The Minister has already mentioned oils, metal and power. I think, for instance, that the Trans-Canada Highway ought not to be discontinued or the pace of construction slowed down. We would also like to see that there would be no curtailment of the project of the South Saskatchewan River Dam development.”

Well, Mr. Speaker, those were the opening statements on the day of the conference. The outcome of the conference most hon. members know. We did strike off the committee to discuss the question of health matters and old-age pensions. The Minister of Social Welfare (Mr. Sturdy) of this province, and his deputy, represented Saskatchewan on that committee. We could not get any agreement whatsoever that the Federal Government were prepared to discuss, either in that committee or in the conference itself, either the present health plan, any modification to it, or the introduction of any comprehensive system of health insurance, so that, when we came back into the general conference, the only items upon which the Federal Government were prepared to make any concrete proposals were: firstly, the new taxation agreement, and, secondly, a new old-age security proposal. I am not going to say anything about the taxation agreement; that will be a matter for discussion when the taxation agreement comes down, probably next year. But the second item is of considerable importance.

The Federal Government said they were prepared to pay \$40 a month to every person in Canada who had reached 70 years of age, and to pay that amount without any means test. Now, I am sure that proposal is something that will be welcomed by everyone. We in the C.C.F., of course, have been advocating for years an old-age pension to be paid at 65 without a means test, and we have tried very hard to have that step taken. Now, we recognize that if we cannot get an old-age pension at 65 years of age and over without a means test, then a pension at 70 years of age and over without a means test certainly is a step towards it, and that a half a loaf is better than no loaf at all.

It should be pointed out, however, Mr. Speaker, that by paying a pension of \$40 a month to people who are 70 years of age and over, the Federal Government is not taking over complete responsibility for people 70 years of age and over. That is, it will simply be relieving the provinces of paying the 25 per cent which they are now paying; but, the other costs with respect to the group 70 years of age and over will continue. That is, if a province is now paying a supplementary bonus, the province will either have to continue paying that supplementary bonus or will have to witness its old people get a reduction in pension. And in this Province it would mean that the people who have reached 70 years of age and over would, if the Federal Government accepted full responsibility and we stepped out of the picture and said they are no longer a provincial responsibility, would be reduced from \$42.50 maximum to a \$40 maximum. What is even more important, they would lose their health services, and those health services, of course, amount to a very considerable sum and cost, at the present moment, somewhere in the neighbourhood of \$1,800,000.

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I want no person to be under the illusion that the Federal Government is now stepping in and saying that everybody 70 years of age and over is the Federal responsibility and that they will look after them. It is true they are going to look after them insofar as paying a pension of \$40 a month without a means test is concerned; but the provinces will be left with the responsibility of paying a supplementary bonus if they so desire, and they will be left with all the responsibility of providing them with health services, and, in the case of those who are incapacitated, with the responsibility of providing old people's homes, nursing homes, convalescent homes and all those other services that the provinces have supplied in days gone by. Therefore, it should be pointed out that what the provinces are being relieved of — and it is a considerable sum; they are being relieved of the cost of paying 25 per cent of the pensions insofar as this group is concerned, but they are still being left with the very heavy responsibility of providing and of paying for the health services and the supplementary bonus, which have now grown to the place where the amount is as much, practically, as the pension.

On this group, 70 years of age and over, I want to make one point clear. That is, that the Prime Minister said that if the provinces all agree to the constitutional amendment which we are now discussing, his Government proposes to begin these old-age pensions at 70 without a means test for every person in Canada, commencing January 5th, 1952. That should be clear and explicit.

Now, there was a second proposal — and I want to point out, Mr. Speaker, the second proposal is not tied up to the first proposal. In 1945 they were, if you took the 70 and over, you had to take the 65 to 69 proposition. There is no suggestion now that the second is tied up to the first. The second proposal is that the Federal Government will be prepared — the Prime Minister would not say when; he would not guarantee that this second proposal would come into effect on January 1, 1952; he said, that as soon as they were able to prepare the legislation it would be made available, but could not give a specific date. The second proposal is that the Federal Government will pass legislation offering to pay 50 per cent of the cost of a pension to people in the 65 to 69 age group, on condition that the Province concerned agrees to pay the other half.

Now, as has already been intimated in the speech from the Throne, the Saskatchewan Government has declared that if the Federal Government passes legislation making available 50 per cent of the cost of giving pensions to people from 65 to 70, the Saskatchewan Government is prepared to shoulder its share of the responsibility to put that plan into operation. That does not mean, Mr. Speaker, that we will merely be sharing 50 per cent of the cost, because we will be paying 50 per cent of the pension for this group from 65 to 69; but there will also be the problem of whether or not, in addition, we are going to pay them a supplementary bonus also. It will be very difficult to argue that we should pay the group 70 and over a supplementary bonus and the people from 65 to 70 not get a supplementary bonus. Therefore, if a province pays the supplementary bonus then there will also arise the question of whether or not the Province should also pay health services. And again, Mr. Speaker, it would be somewhat inconsistent

to be providing health services for the group 70 and over and no health services for the group 65 to 69, inclusive. So, if a Provincial Government provides health services and a supplementary bonus plus 50 per cent of the pension for the group from 65 to 69, they are certainly paying more than half the cost. They will be paying very considerably more than half the cost, it will probably come very close to 75 per cent of the total cost of looking after that particular group.

Therefore, Mr. Speaker, while we are prepared to accept this proposal of the Federal Government on the principle that half a loaf is better than none, let no person go away with the idea that this is going to relieve the Provincial Government of any financial responsibility. The very opposite is true. I am not going to quote figures at the present time, partly because these are estimates, and the estimates can be very nebulous things. For instance, it is difficult to know how many people between 65 and 70 in Saskatchewan will qualify under the old-age pension regulations; also we do not know what the means test will be, whether it will be the same means test which the Federal Government now has for people over 70. We do not know what the financial circumstances are of the people who are in the 65 to 69 group. We know there are probably 27,000 to 30,000 people 65 to 69 inclusive; we do not know what their financial circumstances are, whether or not they will qualify under the means test, or even what the means test will be. So it is quite difficult; but, from the estimates we have been able to make, it is quite apparent that even if we are relieved, as is suggested, of paying the 25 per cent (which we are now paying) of the old-age pension for people over 70, even if we are relieved of that, if we have to continue paying a supplementary bonus and health services to that group it will cost us more.

I want to remind you, Mr. Speaker, that the Government, in the Speech from the Throne, pledged itself that whatever may happen in other Provinces, in Saskatchewan no old-age pensioner will get less money merely because we have transferred some of the authority over to the Federal Government. We will undertake to see that the people who are now getting a supplementary bonus and who are now getting health services, will continue to get those services from the Provincial Government even though, to some extent, they have become a Federal charge. We think the Federal Government ought to accept full responsibility for looking after them, but if they do not then we will see that no old-age pensioner 70 and over gets less protection and less security than they are getting at the present time. If we are relieved of the 25 per cent which we now pay for the old-age pension for those 70 and over, but have to continue the supplementary bonus and the health services, and have to assume in addition 50 per cent of the pension for those 65 to 70, and health services, and supplementary bonus, it will cost a very considerable amount more. Estimates have gone all the way from \$1 to \$3 million, and I am not going to quote any amount at the present time until we have been able to make a much more accurate survey than has been possible to date or than was carried on by the Parliamentary Committee. But we do know that it will cost a very considerable amount more than the Provincial Treasury is now called upon to pay to provide old-age security in the province.

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Well, Mr. Speaker, all I can say is that if we are going to be called upon to make this extra expenditure I believe the people of Saskatchewan will support us in making it. I believe the people of Saskatchewan will want their Government to co-operate with the Federal authorities in making old-age pensions available to people from 65 to 70 with a means test. Personally, I would like to see it without a means test, but since the terms are a means test, then we are prepared to see that a pension is provided on that basis.

Therefore, Mr. Speaker, I on behalf of the Government, am asking the members of the Legislature here, to agree to a constitutional amendment which will permit the Federal Government to enter into the old-age pension field in order that it may implement its proposal of paying an old-age pension to those 70 years of age and over, without a means test. If this House agrees, and if the other governments across Canada agree, then I have no doubt the Federal Government will proceed to secure the constitutional amendment and that the old-age pension will be available, on January 1st next, for all people 70 years of age and over.

We are also asking for this constitutional amendment, Mr. Speaker, because, until it is passed, it is unlikely that the Federal Government will implement its second proposal of bringing down legislation to provide pensions for those from 65 to 70, with a means test. We do not know when they will bring it down; there is not any likelihood of them bringing it down until the constitutional amendment is agreed to. We want it agreed to as quickly as possible; we hope the legislation will be brought down as quickly as possible. I urged the Prime Minister and the Conference to have the 65 to 70 group provided for by January 1, 1952, at the same date as pensions will be available to those 70 years of age and over, without a means test. I do not know whether they will be able to do it or not, personally I see no reason why they could not do it. Parliament is now in Session. I think an Old-Age Pension Act for this group of 65 to 70 could be passed at this Session, and if it is passed at this Session, we will be prepared if necessary to call this Legislature back in the fall to pass the necessary complementary legislation in order that pensions for those 65 to 69 could be made available on January 1, 1952.

Therefore, Mr. Speaker, because I think it means so much to our elder citizens, men and women who have served their day and generation faithfully and well, the men and women who have broken these prairies, built these towns and cities, built schools and churches and hospitals, men and women who have helped to make Saskatchewan what it is; because this constitutional amendment will enable us, in our turn to play some little part in compensating them for the fine service they have rendered, and because it will make it possible for us to give them some measure of security in their old age, I am asking this Legislature to endorse the foregoing motion.

Mr. W.A. Tucker: — Mr. Speaker, as the purpose of this constitutional amendment which has been moved by the Premier is to provide for an extension of old-age pensions to the people of our province and also to enable them to be paid at the age of 65 instead of at 70, of course there

is very general agreement on the part of everyone, regardless of party, that that is a desirable objective. Insofar as we are concerned we are anxious to co-operate in every way we can to have that brought about as soon as possible.

I think that when we were faced in Canada with such a terrific expenditure in doing our part to defend the free world there was some fear that some curtailment of the social security programme would be made necessary. I believe it is thought now that the expenditure this year by the Federal Government on National defence will be about \$3,500 million. It is a terrific sum that is apparently going to have to be spent so that we may do our share in that regard. I for one, am very glad that this long-hoped-for measure of social security to people 65 years of age and over, is not going to be postponed because of that tremendously increased expenditure for national defence. I know so many people, particularly people in not very good health, who have been hoping for pensions at 65 and it would have seemed a very great shame if that hope had been denied to them. I feel that, when it is to be only applied to people with a means test, it is nothing that anyone should feel alarmed about. If it is going to be paid to people who absolutely need it there will not be greatly increased cost to the country, for if they are not looked after under some old-age pension system (which is very much nicer for them), they have to be looked after under some other social aid programme. There is the additional advantage that the Dominion which, after all, has more sources of revenue than the Province, would be paying half the cost of doing so. So we in this province I think are all unanimous in our support of any legislation that would make this possible.

I do not wish to delay the House at any length, but there were some things the Premier said in his speech that I think I should comment on shortly. I would like to say at the outset that in regard to the manner in which this matter is being handled in Saskatchewan, namely that, when it had been laid down that the provinces should be consulted in the matter, I am in entire agreement with the action that has been taken here that that would mean the Legislature rather than the Government of the day, because anything that changes the fundamental constitution of our country should be a matter of consultation of the people, or at least their representatives, not merely of whomever happens to be in the government of the day. And so I do commend the Government for bringing this before the Legislature for their approval or otherwise.

In regard to whether this is setting a precedent — that is, the suggestion that the approval of the 10 provinces should be required in the case of a constitutional amendment — I do not think that is the attitude of the greater number of the provinces. Firstly, I do not think it is an attitude in which we in Saskatchewan should concur. I do admit that there are certain ‘entrenched’ clauses in the constitution which should not be changed except by unanimous consent, such as those having to do with language or anything to do with the protection of minority rights, or anything that was absolutely basic to the formation of the constitution. We know that if it had not been that certain basic rights were guaranteed to (for example) Quebec, in the way of language and educational rights and so on, the constitution never would have been possible. If you could only get a contract on certain basic conditions, never should we be guilty, once

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having got the contract, of them departing from it. So I do say that there are certain basic entrenched rights that should not be changed except by unanimous consent. But matters having to do with social security I do not think are in that category and while, perhaps, they should not be changed by a majority vote in the Senate and House of Commons of Canada and should be concurred in by the provinces properly speaking through their representatives, I certainly do not think that that concurrence should require unanimous support of the provinces.

I do not intend to go into that at any length, but it seems to me that if the provinces representing the majority of the provinces and of the population of the country concur — a substantial majority of the population of the country concur — that should be enough. I believe in the United States it is three-quarters of the States, and if the provinces representing three-quarters of the population of Canada would concur, why then, of course, it seems to me that should be sufficient in matters having to do with social security, which after all, the people are interested in regardless of their racial origin or religious beliefs or anything of the sort. So I do not think that anyone will consider that requiring concurrence in this particular matter will be taken as anything of a precedent.

The next matter on which the Premier commented was the general nature of this resolution. In view of the fact that it has been embodied in an Address passed by the House of Commons and Senate and they will endeavour to meet the wishes of the provinces so long as it carries out the intention and incorporates the principle that is involved, I do not think that we should in any way place any obstacles in the way in that regard. What we want in this matter, Mr. Speaker, is action, not any argument over small details. So from that standpoint we can give our wholehearted support to this resolution.

In regard to the necessity for an amendment, I know there is a difference of opinion about that; but sometime around 1936 and 1937, the Privy Council gave some very far-reaching decisions in this matter, which if one accepts them as binding today (and I suppose we must), I take it that there cannot be very much doubt that the Dominion could not enter this field in an exclusive way without a constitutional amendment. So I think they are wise in going about this matter cautiously. It would be too bad for them to go ahead and pass legislation and then have it ruled out by the courts. This, it seems to me, is a matter in which all provinces should be able to agree and, therefore, it does not seem to me that there should be any difficulty about asking for consent of the provinces to this particular amendment. It should be something like the amendment in regard to unemployment insurance where concurrence of all the provinces was obtained without any difficulty, and I certainly hope that will be the case in this matter.

In regard to what the Premier said about the Sirois report I think that so far as our Federal setup in this country is concerned, it is one of the great state documents of our present era, and I think that much more headway would have been made in implementing it had it not been for

the Second Great War and all the difficulties and troubles that arose out of it. I do agree — and I think I am speaking for my party in Saskatchewan, the Liberal Party, when I say that we believe in the principle of Federal grants based upon fiscal need. The difficulty in this matter is after all to get that accepted, for you are going, in the eyes of some provinces, to take more from them in taxation than they are going to get back on the basis of fiscal need, for that is inherent in the idea. Right away some of them seem to always take the attitude, “Well, look at how much taxes we are paying and, therefore, we should get the same portion out of those taxes in the way of grants.” That upsets your basis of fiscal need. I think the time will have to come — and this is not the first time I have said it, I think in one of the first speeches I made in the House of Commons a long time ago, I said that we in Canada, if we were going to expect people to work for Canada and fight for Canada and regard themselves as Canadians, had to guarantee to their children certain basic rights, whether we lived in one province or another, and to their old people the same protection that they would have no matter where they lived in Canada. In other words, I suggested that we could not have in Canada anything in the nature of second-class citizens. That is the stand which I intend to uphold with all my strength so long as I have any part in public life.

It is not easy to bring that about; I realize that. We are a democracy and you have got to convince people in other provinces who fear that they would have to bear the burden of such a policy; you have got to convince them that it is fair and just. Of course, that is not a political matter, it is not a partisan matter, it is a matter that transcends and crosses all party lines. It is a matter of convincing people of the justice of our claim in that regard. But I do say that the people who took part in the formulation of the Rowell-Sirois report did a great job for Canada, and I hope as time goes on the monumental nature of their work will come to be realized and that we will manage to work towards it.

We must if we hope to make further progress than in the past, give some credit for what has been done. If we hope to make progress in the future, we must give some credit for what has been done in the past. While the proposed financial agreements which we are now offered do not take fiscal need into account to the extent I feel they should, they still do help a province like ourselves. There is no question about it. Under the proposed agreement we will get, by giving up the right to levy income taxes and corporation taxes and estate taxes, \$22 million in the 1952 and 1953 period. Now, that includes the constitutional subsidy which we are entitled to of about \$2 million, and it means we will be getting \$20 million on top of that. Well, we actually never got more than about \$2,600,000 out of the three taxes that we are renting temporarily to the Dominion Government, and one of the things that is sometimes lost sight of — and I should say in that regard that we probably would get more than that out of those taxes today; but even if they got twice as much or even three times as much, we are still probably \$13 million or \$14 million better off with the agreement. And so, after all, these financial agreements should be accepted by the Government.

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So far as we in Saskatchewan are concerned they do give us stability. And then the clause in it that provides we are to have a minimum grant coming to us every year for five years of nearly \$20 million regardless of good times or bad, is certainly worthwhile. In an agricultural area such as ours where we do have our ups and downs, that gives us some security in regard to our provincial income. So that is an added advantage over having no financial agreements at all.

I feel that the Federal Government is entitled to some credit for agreeing to make these financial agreements. The foundation for them I think after all, is the Rowell-Sirois report. I do not think we would ever have convinced the rest of the country that they should give us financial agreement like that, if it had not been for the impact and the persuasive effect of the Rowell-Sirois report. As time goes on I hope we can make more progress in that regard.

There is one thing I should mention about that which is overlooked so often that I do not think we do our cause any good by not trying to stick absolutely to what is 100 per cent correct. The suggestion is sometimes made that we are giving up the right to levy personal, corporation, income taxes and succession duties. It should be remembered that all that we are giving to the Dominion is our right to be in that field. The Dominion has a right to go into it without any leave from us or any agreements from us; so we are just giving up our right to go into it too. Of course, that is giving up something, because obviously if we have a right to go into it and have not got anything for staying out of it, then we could go into it and the Dominion would have to take account of the fact that if people were paying income taxes to the Province and heavy succession duties to the Province and heavy corporation taxes to the Province, then the Dominion would have to take that into account in levying their taxes. They could not put additional taxes which would be ruinous upon the people. So we are giving up a substantial right, but, nevertheless, we are not giving up exclusive rights in that regard. So I think that the financial agreements are most helpful.

The new formula too, I think is better. I have referred to what we will get the first year under it. A great deal is often said to the effect that the Dominion Government made certain promises to the people in regard to a comprehensive scheme of social security and so on. Now, I do not want to get into any controversy about that at the present time; but I do say that all of that matter should be put in the proper perspective. The attitude of the Dominion Government at that time was this: If we are going to embark upon this programme — which at that time was regarded as a very expensive one, probably costing well over \$800 million — we must be sure of the financial basis upon which we place it. So we must be sure that we have the right to lay and collect the taxes necessary to carry it and, therefore, we want to be sure we have got the exclusive right to levy income taxes and corporation taxes throughout the whole Dominion. And so they said, we want substantial compliance on the part of the Provinces with these Agreements.

The Premier has said that seven out of nine provinces did sign these agreements; but the trouble is that the two that did not sign it make up the

majority of the people of Canada. That was the difficulty about it. And so the Dominion said, "If we enter into this programme, and the majority of the people of Canada and the part of Canada that pays more than half the taxes have not agreed to this programme, then we do not feel we can go ahead with it." This offer made by the Dominion Government was not an unconditional offer. It was based upon all the provinces signing these financial agreements. Somebody might think they were not taking much of a chance in making such an offer. But, actually, during the war all the provinces did sign financial agreements; and I think that it was a surprise to a lot of people that Ontario and Quebec decided not to agree to go on with the system that had worked so well during the war. I think it was a surprise to the Government of Canada that they did not get the substantial agreement to sign the financial agreements which was the basis of these offers. As I look back now, I think to myself how unfortunate it was that when these provinces, Ontario and Quebec, had the chance to sign these financial agreements, upon which then the Dominion Government under the late Mr. King would have gone right ahead with these programmes, they did not do so, and we would have had them in force now as we go into this period instead of being where we are today. However, that is one of those things — an opportunity missed sometimes that does not occur again for some time; it is just one of those unfortunate things. It is one of the things — part of the price we have to pay for having a Federal constitution.

Then again, when we begin to look at the matter, Mr. Speaker, and look at the price we pay for such matters as that, we should remember that, if we had not agreed to our Federal setup we would never have had a country at all. So, when we think those great Fathers of Confederation who drew up this constitution of ours, made our country possible, I suggest we should not find any fault with them. If they had not been the great statesmen they were, we would not now have the great country we have stretching from shore to shore on the northern half of this continent. Therefore, I say, Mr. Speaker, while these things we have to regret, we should all bear in mind that it is part of the price, the comparatively small price, we pay for our very nationhood, the Federal constitution.

The Premier said something about the limitation on the Conference. I do not intend to go into that, Mr. Speaker, except to say that the Prime Minister took the attitude that everything could be discussed, but in the light of what he regarded as the pressing needs of the present situation in the way of financing a tremendous rearmament programme, I think it is fair to say that he felt that if they went ahead with the financial agreements and went ahead with these proposals in regard to old-age pension improvements, when we saw when that was done just where we stood, then we could decide if we could go any further at that time.

I was very concerned about whether the situation would affect the Trans-Canada Highway, and I made representations as best I could in that regard and, from what I am able to find out, the attitude is that that matter will be left to the provinces. If they are willing to go right ahead with the Trans-Canada Highway, the Dominion will pay its share of the cost. I am very glad of that, because I agree 100 per cent with everyone who has said

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that if we are going to have trouble in the international field, it is very important that we should have a high-standard highway connecting up all parts of Canada, because I do not think that highway can be destroyed and put out of action as completely or as quickly or easily as a railway: That is on the question of national defence.

On the question of what the people of Canada are entitled to, I have always thought that we should not endure any longer than we absolutely had to, such things as Canadians, in going from the prairies to Ontario and Quebec, having to go down into another country in order to get there. As the Premier knows, I have stated, in season and out of season in the House of Commons from the time I got there, that we should put our whole determination into getting a good Trans-Canada highway put through. I might say, here, as far as I am concerned, I feel that the Dominion Government should also take an interest in financing not only a Trans-Canada highway but a federal highway system. I feel that should be done. I intend to continue to work for that in any way I can.

In connection with the South Saskatchewan River development scheme, I want to say that for any evidences of the willingness of this Government to co-operate with the Federal Government in pressing that scheme ahead, I commend it. I am glad that there is evidence, so far as I can see anyway, of willingness to co-operate in the pressing ahead of that scheme. I want to say to the Government that, as far as the Opposition are concerned in this House and the Liberal Party in the Province of Saskatchewan, they will do all within their power to join with those who are trying to get that scheme put through just as soon as possible. It is so important in so many different ways to the development of the province of Saskatchewan that we will certainly do everything we can to urge that that scheme be pressed forward just as fast as it possibly can be put through.

In regard to a comprehensive health insurance scheme, I have already stated it is too bad that things turned out as they did and that we have not got that in force today. But, as far as we are concerned, we intend to press for that as soon as it is possible to persuade the people of Canada as a whole that they should go forward with that expense in the light of their tremendous burdens which were not foreseen in 1945.

In regard to what the Premier said about the C.C.F. Party being favourable to old-age pensions at 65 without a means test, I think we would all like to see that. This idea of a means test always seems to me to put a premium on people not trying to help themselves and save up to have something for themselves in their old age. That is why I am so glad we are removing it in regard to the people over 70. So often you see a person who has never made any real effort to work hard all his life and save a bit of money, walk right up and without any argument or trouble get the full \$42.50 a month. Then somebody who, with his wife perhaps, has worked very hard and saved and managed to accumulate maybe a small piece of land which is all they have got to show as the reward of a lifetime of devotion and service to their country. When they want to get an old-age pension, they run into this question of what they are going to get off that piece of land or some other property.

It always seemed to me it must have been very (and I know it has been), very discouraging for them to know that somebody else who had not sacrificed or worked the way they have got the pension without question while they had to have theirs cut down because of their own exertions. Of course, that is putting an incentive to work in reverse. It is putting an incentive not to work and not to save. The same argument applies to those at 65. The only trouble has been the cost of removing the means test at that age, and I am going to take a minute or so to bring to your attention that cost, because we all now realize that schemes of helping people out do cost money which is paid for by the people as a whole. There is no way of getting it from some privileged group. We know very often that we think we have placed taxation upon a corporation, whereupon — and it is typical of all corporations — there is a tendency for them to include that tax as part of the cost of doing business, and so, ultimately it is passed on to the ordinary taxpayer anyway. So it is very hard to do anything but what the ordinary average man, who is perhaps working and struggling to bring up a family has to pay, and you have got to watch that you do not put too big a burden upon him because, after all, the man and woman who have established a home and are trying to bring up a family, have within their hands the future of our country. The State should never put upon them a burden which they cannot carry. We must always see to it, it is a fundamental obligation to see to it that they have an adequate income and the means of providing that family with adequate shelter, adequate food, adequate education and so on. It is a fundamental obligation of society, and in anything we do we must always bear in mind the burden that is going to be placed upon that man and woman who are going to have to bear the main burden of any plan.

The Committee of the House of Commons went into this matter, and their report gave a table of the cost of different schemes of old-age pensions. This is the Committee that sat on the matter, last year. They made a unanimous report. I think their report indicates that in these matters people of all parties are pretty well equally anxious to do what is possible to help out people who reach the evening of their life. This unanimous report contained the recommendation that old-age pensions should be paid at 70 without a means test and at 65 with a means test. This was concurred in by members of all parties. They gave the cost of a monthly pension of \$50 per month — and with the rising cost of living it is getting to be the position where if you are going to give people the same purchasing power they had two or three years ago at \$40; you are getting to the position where you have almost got to consider making that pension \$50 a month. So as not to confuse the House, I have taken the cost of an old-age pension of \$50 a month at 65 years of age, both sexes, payable without a means test. One of the startling things about these figures is the way the cost goes up over the years. The cost would be \$660 million this year, but actually they estimate that 10 years from now it will be \$823 million. I am just taking the figures this year, \$660 million. Alongside of that they went into the different ways in which that money could be raised (I ask the House to bear in mind that \$660 million is the cost of it), and they give the actual forecasted revenue of 1950-51 from individual income tax. Now, some of us were glad when the income tax was cut down a bit, but I guess it is going to come on pretty heavy again to carry the cost of increased rearmament; and a lot of

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People figure that when they get through paying their income tax they are not left with as much as they would like to provide for their families. But, actually, that income is expected to yield, this year, 1950-51, some \$530 million, so that the entire personal income tax would not be sufficient to pay this old-age pension — that is \$530 million as against \$660 million. If you take the corporation tax, it was bigger than the personal income tax — \$580 million. That in itself is not enough to cover the amount. If you take the customs' duties, \$225 million, and if you take the excise duties on alcoholic beverages, \$102 million, and \$140 million on tobacco products, those are just some of the means by which the Government would be able to pay for this scheme.

I do not intend to weary the House with any great number of figures. Some people think, put the taxes on corporations. In the first place there is a tendency to pass them on to the average consumer, because in many cases corporations make enough to compensate them for money invested, plus a reasonable return on their investment. There is a tendency if they do not get that fair return, for investment to languish and, as a result, you do not have an expanding economy. Here, anyway, is what the Committee had to say about it:

“It is estimated that corporation profits are \$1,850 million annually. On this amount the present Federal income tax of 10 per cent on the first \$10,000 of taxable profits and 33 per cent on the remainder are expected to yield \$490 million, so that the entire corporation profits, after taxes, are roughly, \$1,360 million.”

Now then, you would have to take more than half of that to pay this old-age pension. A surtax of 5 per cent on existing corporation profits tax would yield only \$29 million. That is, if you put a surtax of 5 per cent on present corporation taxes, you would get less than \$30 million. And this report goes on to say this:

“An increase in taxes may, in itself, have an effect on corporate profits. Also, there may be fluctuations in profits due to other causes.”

And it says the calculations are made on the basis of them being \$1,850 million. It goes on to speak of a possible way of raising it by a tax upon wages or something of that sort.

I mention that, Mr. Speaker, merely to indicate that, while we are all in favour of an expansion of this programme, we are in this position that you can take only so much money from the people, and if you spend a tremendous amount in one place, then you have not got the money left to spend in some other places. While you certainly want to do all you can for older people, you also want to do what is reasonable for the young people who are coming on and to see to it that they get a proper start in life, and so on. So, a democratic government has to try to figure how much the people can afford to pay in taxes and then distribute it fairly and justly between the different claims upon it.

The Premier spoke about the probable cost of going ahead with this programme and suggested that the cost to the Province would run between

one and three million dollars. That is, we get relieved of the cost of 25 per cent of the present old-age pension, but then there would be the question of what we are going to do about the supplementary pension, the question of medical services — and I agree that it seems to me that you would have to give medical services to everybody getting the old-age pension whether they were Dominion old-age pensioners or Provincial old-age pensioners. Then there is the question of the supplementary pension to people of 65 years to 70. So I would not be a bit surprised that the estimate of \$1 to \$3 million of extra cost, so far as this Province is concerned, is correct. But, when I consider the fact that we got, I believe, last year, somewhere around \$17 million from the Dominion Government under the financial agreement, and that next year we hope to get about \$22 million, I think that we can afford to spend somewhere between \$1 and \$3 million in carrying forward this scheme, and I heartily endorse the suggestion of the Premier that, if the necessary constitutional amendment is passed and the necessary legislation is put through by the Dominion Parliament, we go ahead. It would be very nice for us again to be the first province to put this new old-age pension into effect. I believe we were the first province to bring into effect old-age pensions in all of Canada, and it would be a splendid thing if once again we were the first province to pay old-age pensions to those from 65 to 70 years of age. I want to say that so far as we are concerned, we will co-operate 100 per cent in doing anything that is possible to bring that about.

I think that that is all I will say at this time, Mr. Speaker. My only purpose in rising this afternoon was to indicate to the Government that on this particular matter — we may not be in agreement on some things; but on this matter we can join together as representing what I believe is the unanimous wish and desire of the people whom we have the honour to represent here, and say that we will work together to get this measure of security and help for the people who helped to lay the foundation of our province, who have worked hard and have now reached the stage where, I think, they have a right to expect something from the province they have served so well. On this matter we can all join together in supporting this move to bring that about.

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Hon. Mr. Sturdy: — After listening to the closing remarks of the hon. Leader of the Opposition, I certainly would not care to bring anything of a contentious nature into this debate, but I would like to mention one thing that gives me considerable concern. We on this side of the House are most sincere in our hopes that the condition of our senior citizens will improve and that the undertakings of the Dominion-Provincial Conference will be proceeded with without delay. It is our understanding that the \$40 pension without a means test will be granted to those attaining 70 years of age as at January 1, 1952, and we are equally hopeful that the pension to those between age 65 and 69 will also be granted at the same time.

Now it did alarm me somewhat to hear the hon. Leader of the Opposition bring to the attention of the House the very great cost of the present defence programme, nearly \$3,500 million per year. I was also somewhat alarmed by the statement of the hon. Paul Martin, as recorded by the 'Leader-Post' in today's issue:

“We recognize,” he says, “that the old-age pension which we authorized and of which we contributed 75 per cent, is not perfect. Before Korea, we said we were going to eliminate the means test and lower the pension age, and we intend to continue working towards that goal.”

I thought, Mr. Speaker, and it is certainly the conviction of the people of this side of the House, that it is not a case of “working towards this goal,” but it is a case of a definite undertaking that the goal has been set and that these pensions will be available under the terms reached at the Dominion-Provincial conference as at January 1, 1952. Now we are told, or we are warned, or it is intimated by Paul Martin that we intend to continue to work towards that goal. Well, when the Liberals get working towards a goal it does fill me with a good deal of apprehension. Pensions were introduced in 1926 in the Dominion of Canada, and they worked so slowly towards the goal of adequate security for our old-age people that, by 1945, they had gone up by a miserable average of five dollars. It is only since the C.C.F. came into power in this province that the pension has been more than doubled — from an average of \$18 in 1944 to approximately \$39 at the present time.

I wish to point that out, Mr. Speaker, and again reiterate the hope that this Dominion-Provincial Conference agreement on old-age security is an actual fact and not something to which we are “working towards” some time in the distant future. Naturally, and I would inform the members opposite that when the C.C.F. achieve power in Ottawa, as they eventually will, it is our intention to make the payment of adequate pensions a complete Dominion responsibility as it is in all those countries which enjoy Socialist governments, such as Norway, Sweden and Britain and New Zealand — at least it was a Socialist government that introduced it in New Zealand and there will be a Socialist government after the next election there, I assure you.

This added additional cost of pensions to the various provinces, some of which are extremely poor, is indeed a very serious financial burden. Certainly Newfoundland and New Brunswick and indeed Saskatchewan under drought conditions, are not in the position to pay the kind of pensions to support the load that is placed on these provinces, We do feel that for this reason, and because our old people are Canadian citizens, that payment of pensions is a national responsibility. Nevertheless, in spite of the

fact that according to the nearest estimates we are able to make, it will cost this province pretty close to an additional \$3 million, we gladly and wholeheartedly enter into this agreement. Let me point out that this province, with respect to health services and with respect to supplementary allowances, has only been joined by two other provinces in the Dominion, namely British Columbia and Alberta, and it is in connection with those additional costs that the burden is going to fall particularly heavy on this province.

I would like to state again, Mr. Speaker, before sitting down, the debt of gratitude that this House, and indeed old-age pensioners throughout Canada, should express to the Premier of this province for the manner in which he advanced the interests of social security at that Dominion-Provincial Conference. Make no mistake about it, that Conference would have ended without the provinces making any commitment, or a definite commitment; that Conference would have ended without a general agreement having been reached, had it not been for the action of the Premier of this province. That should be generally known and certainly appreciated by the members opposite as well as it is appreciated by the members on this side of the House.

I do not wish to protract the debate, Mr. Speaker. I am sure that all the members of the House are in accordance with it. Certainly with all sincerity the members on this side of the House are, at any rate.

Mr. F.M. Dundas (Qu'Appelle-Wolseley): — Mr. Speaker, I might say that rising to take part in this debate after the Minister of Social Welfare has just made such an elaborate speech about the C.C.F.'s going to get in power at Ottawa, there are a lot of people that get high-falutin' ideas, but never will you see the day that the C.C.F. get in at Ottawa.

It has been my privilege at all times to advocate contributory old-age pensions and every time that I have spoken on old-age pensions I have stated that. I might say also to the Minister of Social Welfare that I do not think that they take any notice of you when you go down to Ottawa because you are so bitter that they will probably open the door . . .

Hon. Mr. Sturdy: — Oh, I'm amazed, I didn't know I was bitter.

Mr. Dundas: — I might say that you would have to co-operate with any government that is not of your political faith. I think that any government should co-operate with another to get these matters settled to the advantage of them all. And I think that if you co-operate with the Liberals, they are a party that will look after everybody, and they are not prejudiced against any party. I am sure I can speak for a great many of the party which I am proud to belong to when I say that they will co-operate on anything that is decent and fair.

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Mr. Danielson: — Mr. Speaker, I thought that, for once in this House, we might be able to end a debate on a subject on which we could agree in principle and set a record in not having recriminations and politics injected into the topic at this time. I certainly would not have said anything if the Minister of Social Welfare had not first got up and assured this House that there would be no politics in what he was going to say, and then he proceeded to get down to a really political stump speech.

We can go back through the last 45 years — and I remember 1926 when the old-age pension was introduced in Canada — and I think I am correct that the Leader of the Opposition said that this was the first province in the Dominion to accept the plan to co-operate with the Canadian Government to pay old-age pensions in Saskatchewan. At that time the old-age pension was \$20 per month. Well, Mr. Speaker, \$20 per month in those days was a considerable sum of money, and the Province of Saskatchewan paid \$10 of that \$20, and they continued to do so until 1931. That is the history of old age pensions. This “humanity first” Government, in the year 1951 is still sitting here and paying \$10 a month of a \$40 pension; that is all they are paying.

Premier Douglas: — Plus health services.

Mr. Danielson: — That is all very well, the old-age pensioners had health services before you came here.

Premier Douglas: — No, they did not.

Mr. Danielson: — I am prepared to discuss that with you any time that you . . .

Premier Douglas: — Go right ahead, go right ahead!

Mr. Danielson: — I want to point out to you, Mr. Speaker and to this House, that this Government is not to pay one penny more on basic old-age pensions than the Liberal Government did in 1926, and then a dollar was worth about 20 cents on the dollar, now it is worth, according to his own calculations, about 50 cents or less. That is the history. I would not feel a bit proud if I was sitting over there and listening to the Minister of Social Welfare. But do not forget, Mr. Speaker, that in the year 1947, when the Dominion Government increased the old-age pension \$5 per month, this Government cheated the old-age pensioners out of \$670,000 in four or five months. That is what they did; that is what the Dominion Government paid to them.

I am going to say more than that. Right today, when an old-age pensioner goes into the hospital, and he is in there a few weeks, the old-age pension is withheld from the pensioner, except a small amount; but the pension is continued to be paid into the coffers of this province, \$30 a month, and they keep that \$30 a month; that goes to help to pay some other expenses. That is the situation. The pensioner does not get it. They should not forget some of these things. I think they are the last ones in any province in Canada, this socialist Government here, that should get up in this House or any place else, and try to criticize any other government in regard to their record in regard to the old-age pension administration

here or any place else. That is my opinion and I know it is justified.

Now then, I want to say that so far as we are concerned Mr. Speaker, our record in regard to old-age pensions is before the people of this province. It has always been to pay everything that we could pay, and we carried our share. We had a means test imposed by the Federal Government for certain reasons — I am not speaking of condoning the actions of any Federal Government because they have had different types of Federal Governments of different political stripes; but they usually do not last. They have all maintained the means test. But last year, when this Government had the opportunity through a resolution or an amendment introduced into this House by myself, whereby they could have done away with their means test on the \$2.50 supplementary pension, every one of them stood here and voted against it. They are the last ones who should get up and ever mention these things, and try to throw any reflection on anyone else. With these few remarks, Mr. Speaker, I am going to conclude.

Mr. J. Gibson (Morse): — Mr. Speaker, like my hon. friend, I did not want to enter this debate either, but he himself has interjected a few politics and he has made a few statements that are not in accordance with fact, and I thought perhaps I should correct some of them.

He said that this Government has never paid more than \$10, the same amount that the Liberal Government paid when they came into office. The facts are, Mr. Speaker, that when this Government was elected in 1944, one of the first things they did was to increase their share of the pension by \$3.00 a month. Had the Federal Government chosen to follow them, the pensioner at that time would have received an additional \$12 a month; but they did not choose to follow, so the pensioner, instead of getting \$25, got \$28 a month. But, he could have, as I said, received \$37 a month instead of \$27, Mr. Speaker, if the Federal Government had paid their 75 per cent share, as the agreement calls for.

Then, the next year, 1945, we increased that supplementary payment from \$3 to \$5, and had the Federal Government followed us at that time, instead of having raised the pension to \$30 a month, the pension would be \$45 a month — \$15 a month more. Then, the Federal Government decided in the spring of 1947, to follow our lead and to increase the pension — the hon. member laughs. Could you call it anything else but a lead when we increased the pension the first two years that we were in office by \$5 a month? I believe that is a lead.

Mr. Danielson: — You put the \$3.50 in your pocket.

Mr. Gibson: — I think it is quite a lead; it is 50 per cent more than the hon. member for Arm River says that we paid.

Mr. Danielson: — You stuck \$3.50 in your pocket.

Mr. Speaker: — Order!

Mr. Gibson: — At that time the House was not in Session, and we did not have the money to keep up our supplementary payment and, for

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the first time since we had taken office, we were only then paying our 25 per cent share of the pension — for the first time since we had taken office, in 1944. But since that time, Mr. Speaker, the next spring, we again increased our supplementary payment by \$5 and, at that time, when we made this \$5 increase, we were now paying our share of a \$50 pension had the Federal Government continued to pay their share. And from that day, Mr. Speaker, it means that every time an old-age pensioner gets his pension, he is getting today \$10 a month less than he would be getting were the Federal Government paying that share.

So, when the hon. member gets up and makes these statements, surely he does not mean them.

Mr. Danielson: — Every one of them.

Mr. Gibson: — He should know better. We have been criticized for holding back the supplementary payment in some cases. The supplementary payment at the moment is \$2.50 a month, and we have been criticized for holding that back, Mr. Speaker. But it has been applied, as the hon. members across the House very well know, in the same manner as the means test has been applied by the Federal Government in Ottawa, and they should know (we have taken our stand and stated our stand in this House many times) that we are in favour of a pension of not less than \$50 a month. To prove our good intentions, Mr. Speaker, we have legislation on the books, and we have prepared to make that payment, and we are making it, to all pensioners who are not prevented from getting it because of the means test. Our hon. friends opposite say, “Well, we do not have to pay any attention to that; the Federal Government has, by regulation, provided that any province that wishes can pay an addition to the amount that the Federal Government pays”.

Mr. Danielson: — That is right.

Mr. Gibson; — That is properly right, yes, certainly. But if the Federal Government wanted to assure themselves, as I have said in this House before, Mr. Speaker, that the provinces would have to pay this, all they have to do, insofar as the Province of Saskatchewan is concerned, is to raise the allowable income and the Province of Saskatchewan will either have to renege, withdraw their offer, or put it into effect. That is all that is preventing the pensioner today from getting \$10 a month more than he is getting — the Federal Government refuses to come across with their 75 per cent of it, Mr. Speaker, or the Federal Government refuses to raise the allowable income so that the pensioners in Saskatchewan can qualify for that supplementary payment of \$2.50 a month. I am going to support the Motion, Mr. Speaker.

Mr. Speaker: — The mover of the resolution is about to exercise his right to close the debate. Any member wishing to speak should rise now.

Premier Douglas (closing): — Mr. Speaker, I will not detain the House more than a few moments. I suppose it was too much to expect that on the day before St. Patrick's Day we would get through a debate without having a political 'donnybrook'. I can understand the North and South of Ireland starting to fight, but how Sweden ever got into this thing is just more than I can understand.

Mr. Danielson: — That is your homeland.

Premier Douglas: — It is my homeland — it is my spiritual home. I agree with my hon. friend, Sweden is my spiritual home. I have a tremendous admiration for the people of Sweden for their co-operative institutions, for their socialist government, and I can only come to the conclusion that those who are not socially adjustable have been exported to other places.

Hon. Member: — There are pretty good Swedes in this country.

Premier Douglas: — Yes, you bet there are; but some of them must have been sent out because they could not get along with the ones at home.

Mr. Speaker, when the member for Arm River starts to deal with old-age pensions from a political viewpoint and attack the records of this Government with regard to old-age pensions he is on very dangerous ground indeed, because there is not a political party in Canada that has a better record on the question of the old-age pensions than has this Government. I want to remind the hon. members that it was the National Leader of the C.C.F. Party who was largely instrumental in bringing old-age pensions about in the first place . . .

(Interruption)

Premier Douglas: — What did the hon. member say?

(Remarks by various members)

Premier Douglas: — When the hon. gentlemen opposite stop muttering I shall be glad to go ahead, Mr. Speaker.

The fact remains, as everyone knows, that when the Liberal and Conservative Parties were at a stalemate in Ottawa and a small group held the balance of power, Mr. Woodsworth and Mr. Heaps and those associated with them offered their support to whichever party would undertake two things: first, to introduce at once old-age pension legislation, and secondly, to introduce, if not immediately, then as soon as possible, unemployment insurance. I know that the Leader of the Opposition (Mr. Tucker) who has been in Mr. Woodsworth's office, as I have myself, and visited him in days gone by, will remember that one of the things he was most proud of was that he had hung on his walls the framed letter from Mr. Mackenzie King, in which Mr. King, in return for his support and the support of the small group who were with him (the 'ginger group') definitely committed himself and the Liberal Party to introduce old-age pensions, which commitment he kept. So the C.C.F. have a pretty good record; in fact the National Leader of it was largely instrumental in forcing the hand of one of the major political parties in Canada to bring in old-age pensions.

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When the member for Arm River points out that from 1926 till 1931 they paid \$10 and that is all we are paying today, he is making a statement which he knows is not in accordance with the facts. First of all, Mr. Speaker, if my friend will sit down I will demonstrate . . .

Mr. Danielson: — Mr. Speaker, on a point of privilege. I said the “basic” pension, and I challenge him to contradict that statement.

Mr. Speaker: — The hon. member is dealing with a statement that was made . . .

Premier Douglas: — If his story proves to be right, my hon. friend will have lots of chance to correct it.

Mr. Danielson: — It is distorted, that is all.

Premier Douglas: — First of all, he says it was 1926 to 1931. He does not mention the fact, of course, that the Liberal Party came back into office in 1934, and that from 1934 to 1944 they paid \$5; the pension was \$20 and they paid \$5, and that is all. And when we took office in 1944, the average pension in this province was about \$17.53 a month; today it is close to \$40 a month, as has been pointed out by the member for Morse. And if the 75-25 ratio had been continued, paying as we are today not only \$10 for the basic pension but a \$2.50 supplementary; if the 75-25 ratio were continued, the Federal Government would be paying \$37.50, making a pension for the people of this country of \$50 a month.

Mr. Danielson: — All tommyrot.

Premier Douglas: — No tommyrot about that, it is just plain arithmetic.

Mr. Speaker: — Order! Order!

Premier Douglas: — The fact of the matter is that the Federal Government has not paid its share of a \$50 a month pension. They have put the limit at \$40 and said: “If you want to pay any more, well you pay it on your own.”

The other statement that I want to take very strong exception to, because it gives an entirely erroneous impression, is when the member for Arm River said that when a person goes into the hospital, after he has been there a few weeks we give him a few dollars for his own needs and retain \$30 of the Federal Government’s pension and use it for something else.

Mr. Danielson: — Sure you do.

Premier Douglas: — Mr. Speaker, that person is in the hospital at the cost of the people of Saskatchewan. Every day he is there, he is paid for by the people of Saskatchewan. If he is in the hospital at Regina or Saskatoon, it costs over \$7 a day to keep him there. On the basis of 30 days in the month it costs \$210 to pay his hospital bill. Now, that \$30 that we take from him is applied on the \$210. That still leaves \$380 that has to be found out of the Provincial Treasury. Yet this gentleman says that we take it and do something else with it!

Mr. Danielson: — Just the same as you and I . . .

Mr. Speaker: — Order! Order!

Premier Douglas: — That is a deliberate attempt to mislead the people of this province and to mislead this House.

Mr. Danielson: — Oh, no! You and I are just as much on charity as they are.

Mr. Speaker: — Order!

Premier Douglas: — In another province . . .

Mr. Tucker: — Mr. Speaker, on a point of order . . .

Mr. Speaker: — I am calling “order” because I am trying to stop these interruptions.

Mr. Tucker: — Well, now, I would suggest that when the Premier says . . .

Mr. Speaker: — I do not want any suggestions from you at all.

Mr. Tucker: — I can’t speak in this House any more, eh?

Mr. Speaker: — I am calling “order” to stop these interjections.

Mr. Tucker: — I rose on a question of privilege, Mr. Speaker.

Mr. Speaker: — You did not.

Mr. Tucker: — If you had just kept quiet long enough, you would have heard me.

Mr. Speaker: — If you will keep quiet we will go on . . .

Mr. Tucker: — I am rising on a question of privilege, Mr. Speaker.

Mr. Speaker: — You did not rise to a question of privilege.

Mr. Tucker: — I am rising now, I repeat it again, Mr. Speaker.

Mr. Speaker: — Well then, take your seat and rise again.

Mr. Tucker: — All right, you are very kind, Mr. Speaker; you are very considerate. I rose on that question of privilege. I said that when you are calling “order” you might call the Premier to order because he accused the hon. member for Arm River of making a deliberate attempt to mislead this House. That is absolutely out of order, as you know, Mr. Speaker. I suggest that you do try to keep the Premier in order. You say that I have no right to make suggestions to you. I would just like to know when you have the right to say to a duly elected member of this House of Commons, that I have not got a right to speak on the floor of this House.

Mr. Speaker: — The hon. Leader of the Opposition has a right to speak on the floor of this House. He has a right, in a proper method, to censure the actions of the Speaker; but he has not the right to rise in his seat and direct the Speaker how he will conduct this Chamber.

Mr. Tucker: — Well I ask you, Mr. Speaker: are you going to make a ruling? Is it now in order for somebody on the floor of this House to accuse somebody on the opposite side of making a deliberate attempt to mislead the House? It is accusing a person of being crooked. Is that now going to be in order, Mr. Speaker? I want to know.

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Mr. Speaker: — That statement has been made from both sides of the House ever since this Session commenced, that the statement that was being made was not a correct statement; and if the hon. member from Arm River made the statement on his responsibility it was accepted and it is the privilege of anyone who is speaking in opposition to say that that is a misleading statement.

Mr. Tucker: — Well now, this is such a far-reaching ruling that now we can accuse the other side of being deliberately attempting to mislead the House. That is such a far-reaching ruling I cannot submit to it, Mr. Speaker, without appealing from your ruling.

Premier Douglas: — If it is an offence to my hon. friend, I shall very gladly withdraw the term “deliberately”; but I am saying, in all sincerity and all friendliness to my hon. friend, that to make the kind of statement he made, stand up in this House and say that when an old-age pensioner is in the hospital, after he has been in there several weeks \$30 is taken and that we do something else with the money . . .

Mr. Speaker: — Order, order! Let us straighten this matter out. I hold that it is unparliamentary for one other member to get up on a point of privilege which applies to the other member. If the hon. member for Arm River wanted to rise in his place on a point of privilege, that is his privilege, but it is not the privilege of the Leader of the Opposition to get up on his behalf.

Mr. Tucker: — I am rising to a question of privilege as a member of this Legislature not to be slandered on the floor of this House.

Premier Douglas: — Mr. Speaker, I have the floor, there is no point of privilege because I have withdrawn the term.

Mr. Tucker: — Well, the Speaker is not accepting that.

Premier Douglas: — The Speaker does not have to accept it; if the hon. member accepts it that is all that is necessary. I have said to my hon. friend I am quite prepared to withdraw the term “deliberately”, but I am saying that it is misleading for any person to say that the Government takes his pension from a pensioner who is in hospital and that \$30 is being taken from him and something else is being done with it. That \$30 is being applied on his hospital bill, and that hospital bill is in all probability six or seven times as large as the pension that was taken.

Mr. Danielson: — On a point of privilege, Mr. Speaker. May I make a statement?

Mr. Speaker: — No, you can ask a question.

Mr. Danielson: — I want to make a statement, I want to make my point clear. I made the statement that when an old-age pensioner enters the hospital, after he has been there a certain length of time (I said several weeks — sometimes it is 60 days and probably sometimes less), the pensioner does not receive his pension any more, only a little spending money. That has been admitted on the floor of this House, there is nothing wrong with it. And the rest of the pension, including the \$30 that is continued to be paid by the Federal Government, goes into the coffers of this Government. Now, just one moment, Mr. Speaker . . .

Mr. Speaker: — That is making a statement.

Mr. Danielson: — . . . and in that respect, the old-age pensioner is just in the same position as the Premier and myself. We pay \$10 apiece, and when we eat up that \$10 in hospital fees we are also on charity under the hospital scheme, exactly. Why you should have tried to classify the old-age pensioners under that hospital scheme, is beyond my comprehension.

Premier Douglas: — Mr. Speaker, Houdini would turn green with envy to watch this performance; Houdini was a piker compared to this attempt.

Mr. Speaker, all right, let us leave the hospitalization alone, he tried to wiggle out of the hospitalization. I am pointing out that the people of this province are paying, in the case of a pensioner, nearly \$210 a month if he is in a city hospital, and that this \$30 is simply applied on the hospital bill. It is not going into the Government coffers; it is only going toward the hospitals. But, Mr. Speaker, in addition to that, the Government is paying his medical care, buying his drugs and caring for him while he is in that hospital. Is the member for Arm River suggesting that the old-age pensioner should be drawing \$200 or \$210 a month hospitalization, the calling of a doctor coming to see him every day, whatever drugs may be necessary and, in addition, be turned over the entire pension? My hon. friend knows he is not suggesting that at all. He wanted to give the impression that that old-age pensioner's pension was being purloined and being put into the Government treasury. That is a misleading statement, Mr. Speaker, and whether it is done deliberately or not does not matter; the fact is that it would tend to mislead any person who listened to it and give him an entirely erroneous impression. But why does not my hon. friend tell the people that, if they were in the province of Manitoba, where they have a Liberal Government, that old-age pensioner would get his pension and he would pay all the rest of the hospital bill, all the rest of the medical bill and everything else? That is what he would do and that is what he did in this Province under a Liberal Government before the C.C.F. Government came into office . . .

(Interruptions)

Mr. Speaker: — Order, order!

Premier Douglas: — Whenever my hon. friend sits down he seems to get concussion of the brain.

Now, Mr. Speaker, having paid our tribute to St. Patrick, let me just say a few words in summing up the debate. I agree with . . .

Mr. Danielson: — What about that statement? . . .

Mr. Speaker: — Order, order!

Mr. Danielson: — Don't forget the . . .

Mr. Speaker: — If the hon. member does not desist I will be forced to name him.

Mr. Danielson: — I don't want him to forget anything.

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Premier Douglas: — If my hon. friend wants to talk let him get on his feet instead of sitting there spitting into his beard.

Mr. Egnatoff: — Mr. Speaker, I wonder if the Premier would permit a question.

Premier Douglas: — If it is an intelligent one.

Mr. Egnatoff: — Why surely, it will be an intelligent question, and I hope the hon. Premier will give an intelligent answer. The question is this: Why is it that in the case of the old-age pensioner your Government takes away his only means of income when that pensioner goes into the hospital when you do not do the same thing to the rest of us? Now, answer that one, intelligently.

Premier Douglas: — It is not an intelligent question. If the hon. member would stop to do a little thinking he would understand how unintelligent it is. As far as other people who go into the hospital are concerned the Government has not anything to do with their income, but insofar as the people who go into hospital who are old-age pensioners, they are wards of the Government. The Government has accepted complete and full responsibility for their care while they are in the hospital, and since the Government provides them with complete care while they are in the hospital, there is no reason why they should continue to collect the full pension while they are in. I wonder if my friend would like to condone what I came across when I was Minister of Public Health. I came across a case of a very fine lady who lived not many miles from the city of Regina, brought into the hospital and had been there for 15 months. She was getting full care — medical care, hospital care, drugs — paid for by the people of this province. Her family, who would not take her home although she had been ready to go home for some weeks, came regularly once a month and got her old-age pension, got her to sign it and took it away. They brought her back a few oranges and they kept the rest of the pension. It was because we came across circumstances like that that we said, “If the people of Saskatchewan are going to pay for this person, look after them, look after them adequately, as they have never been looked after before in this province; if they are going to do that, then we have the right to say that that part of their pension which they do not need shall be applied on the much heavier bill, six or seven times as great, which the people are incurring when they have them in that hospital.”

Now, Mr. Speaker, may I say just a word of thanks to the Leader of the Opposition for the very constructive manner in which he dealt with this motion and to say that we appreciate the spirit in which he discussed this whole question of the constitutional amendment. I agree that the whole question of getting old-age pensions 65 and over without a means test is something that we have all got to work toward. I am not worried about the large sum of money. I know that it will cost a lot of money. I know that health insurance will cost a lot of money; but the Leader of the Opposition and I will both remember this. When he and I entered the House of Commons in Ottawa the first budget which Mr. Dunning brought down on May 1, 1936, I think it was for \$435 million, and when some of us, including the Leader of the Opposition (I give him credit for it) got up and said to the Government of that day, we could spend \$500 million putting unemployed to work building roads, building schools, doing socially useful things. \$500 million seemed such an astronomical sum that it was just pooh-poohed. Later, we found, not \$500 million but several thousand million dollars a year to fight a war. We

are finding money now to rearm the people of Canada in the event of war.

I contend, Mr. Speaker, that national security and social security are irretrievably bound up together; that that country is most secure and that country is most safe in which we have a population who are satisfied, a population who feel that they have a stake in the country, a population who feel that the country is interested in them and that they not only have an obligation to the country but society, in turn, has an obligation to them. No people will fight as hard to defend a country, no people will make as many sacrifices on behalf of a country as a people who have been treated properly by that society and who have had security within the sheltering walls of that society. Therefore, I feel that we must never allow any international situation or anything else to take our eyes off the goal of social security. Now we cannot do as much, I acknowledge that we cannot do as much. We may have to slow down the tempo at which we will move toward these social goals; but we must never allow any situation to take our eyes from the goal of making democracy a real and a living thing in the lives of men and women. You cannot defend democracy merely by having ballot boxes. Democracy must also express itself in terms of full stomachs and good homes and decent clothing and security in old age.

The question being put on the motion, it was agreed to unanimously.

B.N.A. ACT AMENDMENT

Indirect Sales Tax

Motion No. 2

Moved by the Hon. Mr. Douglas (Weyburn), seconded by the Hon. Mr. Fines:

THAT this Assembly approves in principle the amendment to Section 92 of the British North America Act proposed by the Government of Canada following the Federal-Provincial Conference of December, 1950, under which in addition to the powers already possessed by the Province, the Province shall have power to raise revenue for provincial purposes by,

“Indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province, and not so as to discriminate between sellers or classes of sellers of the same class of goods”;

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and authorizes the Lieutenant Governor in Council to approve the amendment in the above words or to approve any amended wording suggested by the Government of Canada which provides for indirect taxation within the province.

Premier Douglas: — Mr. Speaker, I trust that this second motion will not take as long as has the first one. May I begin by saying that this resolution is not, in any way, tied up to the first one. I might just take a few moments to give the Assembly some explanation of the background for this constitutional amendment.

At the various Federal-Provincial conferences that have taken place over the last five or six years, the question has been raised from time to time by provinces who have a direct sales tax, that they would like the constitutional authority to collect that sales tax at the retail level, that instead of having the ultimate consumer pay it, they would be able to collect it on the retailers — not on the wholesaler, not at the manufacturing level; but that the retail merchant, instead of having to collect two cents or three cents or, in the case of Quebec five cents, from each individual purchaser, would pay the Government on the basis of the total turnover on the taxable goods; collect whatever the percentage of the tax might be, and in that way, prevent having to keep tab on each individual sale.

Now that suggestion has come up several times, but it did not reach any ultimate conclusion until the Conference which was held last December. I should remind hon. members that, by now, there are five provinces in Canada who are collecting a direct sales tax, or who have announced their intentions of collecting a direct sales tax, so that half the provinces were, naturally, interested in this matter.

Mr. Tucker: — What are those provinces?

Premier Douglas: — British Columbia, Quebec, New Brunswick, and now Newfoundland has announced their intention to collect a direct sales tax.

I do not know what has happened in other provinces, but I know, in this province, every year since we have been in office and, from the old files I have checked, before we came into office, the retail merchants, year after year, have pointed out to the Government the great amount of work which they are put to (and I think they are) in keeping tab of these individual items; that they have got to put things in different columns when they are making out a bill, for instance, groceries — what is in the taxable column and what is not taxable, especially in a general store, where people are buying everything from bolts to overalls. They have pointed out to us that it is a very cumbersome thing and that the small amount they get for collecting the tax does not compensate them, and I think probably they are right. So it has been suggested to us repeatedly that there would be some advantage in having a retail turn-over tax — take the total amount that the merchant has handled of certain taxable goods, and say, “That is your tax — you can pay that and then collect it through the price instead of having to keep account of every individual item which you sell.”

I imagine, in the other provinces where they have direct sales taxes, the same representation has been made. However, that was not the real reason

why the Federal Government proposed this constitutional amendment. When the Federal Government advanced the two proposals with reference to old-age pensions, which I outlined in the previous debate, some provinces said, very frankly, "If you introduce old-age pensions from 65 to 69, you are going to increase our financial burden by this stated amount. Where are we going to get the money?" The Federal Government said, "Well, we recognize you ought to have some source of revenue; we are not prepared to increase the tax agreement by any substantial sum; therefore, we are prepared, if you want to, to introduce a constitutional amendment that will permit the provinces, if they choose, to levy an indirect sales tax".

I don't think I need to go into the details. At first it was suggested by the Minister of Finance that such a direct sales tax would have a provision in the constitutional amendment that there could be no exemptions taken away. The Minister of Finance argued for not having exemptions on the ground that if you had exemptions, the tendency would be, on the goods that were taxable, to keep raising the amount; and naturally the Federal Government does not want the sales tax to be too high, because they themselves already have an 8 per cent sales tax which is collected at the source of manufacture. So the Minister of Finance agreed to forgo the condition that there could be no exemptions, providing that he could put in a condition that the maximum amount of this indirect sales tax could be three per cent. Now, since that time, at least one province — I don't think I need to name the province — has argued very strongly for 4 per cent; of course the Federal Government has rejected that. Another province has argued very strongly that this tax should be applied on services, on garages and electric power, and laundry service and so on; that has also been rejected by the Federal Government.

Now the Chamber of Commerce has been carrying on a campaign right across Canada against this constitutional amendment, and one of the arguments they have advanced is that this constitutional amendment would give the Provinces power to impose an indirect sales tax, and that they might use that indirect sales tax to shut goods out of another province, by putting it only on goods coming in from outside, or it might be used by a province to discriminate against one class of merchants as against another class. For instance, a government might say that all chain stores will pay a sales tax, but independent merchants and co-operatives won't have to pay this tax — or something of that sort. Well, the Federal Government, in view of these representations, has put in safeguards and has suggested that the "indirect taxation within the province in respect to the sale of goods (except goods sold for shipment outside of the province) . . . at a rate not exceeding three per centum of the sales price, but not so as to discriminate between sales of goods grown, produced or manufactured outside the province . . . and not so as to discriminate between sellers or classes of sellers of the same class of goods". So the Federal Government, I think, feel now that they have taken account of all the possible objections. They have listened to all the representations of the various provinces, and as I say, they have rejected the ones I have indicated, and this looks as though it will be the constitutional amendment which they will submit to Parliament. But we are not sure — there may be some change, and that is why we have added these words:

“and authorizes the Lieutenant Governor in Council to approve the amendment in the above

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words or to approve any amended wording suggested by the Government of Canada which provides for indirect taxation within the province.”

May I make one point crystal-clear, if I can, Mr. Speaker, and it is this: We are submitting this resolution to the House which, if approved by this Assembly, will simply say to the Federal Government, “We are in favour of your proceeding with this constitutional amendment”. If they do so that will give to the provinces the right of indirect taxation. We are not now asking this Legislature to approve of the principle of indirect taxation. We are not asking this Legislature to say now that should this constitutional amendment be passed by Ottawa, we will proceed to levy an indirect sales tax. There are provinces where this indirect sales tax is an important thing for them. As I have said, those who claim that they need extra money to finance pensions in the 65 to 69 group, feel that they need this amendment to enable them to finance the extra financial burden which they will be called upon to bear. As far as we are concerned, we already have a three per cent sales tax. This constitutional amendment, were we to avail ourselves of the authority which it grants, would not bring us in any extra revenue. It would simply mean that, if we used the powers, we would be substituting an indirect tax collected on retail turnover for a tax from the ultimate consumer. Therefore, as far as we (that is the Government) are concerned — and I am speaking now categorically, for the stand which we have taken — and indirect sales tax, if it will enable those who collect the tax to do so more conveniently, and if it will be more convenient for the people who pay the tax, then we might be prepared to avail ourselves of the power given to the province under this constitutional amendment; but insofar as getting any money is concerned, it would have no value whatsoever; it is no more money, in all possibility, than we are getting now. Therefore, we are not committed to levying an indirect sales tax and if this constitutional amendment comes into effect, it will depend entirely on whether or not the merchants on the one hand and the taxpayers on the other, feel that an indirect tax would be more appropriate and more convenient than the tax which they now have. If they do not feel that it is more convenient and more appropriate, then I do not think we would use these powers. If they feel it would be a better way to collect the tax, and less of a nuisance, then we might ask this Legislature to give us power to avail ourselves of this new method of collecting the tax.

So, Mr. Speaker, what we are putting before the House is not asking them to endorse the principle of the Government of Saskatchewan levying an indirect tax as opposed to a direct tax; we are asking the Assembly to approve of the Federal Government proceeding with a constitutional amendment in order that the provinces may have the right, if they wish to use it, of levying an indirect tax. Whether or not we will avail ourselves of that authority is something which the House can determine when the matter is up for discussion at some later date. I, therefore, make the foregoing motion, seconded by the Hon. Mr. Fines.

Mr. L.L. Trippe (Turtleford): — Mr. Speaker, it is just about 6 o’clock, and I do not know whether I should go ahead just at this time, but I will speak for a few minutes.

Regarding this proposal which is now before us, I will admit that some of us are somewhat confused over the method of its adoption, of its application. I know that there are a few points which the hon. Premier, during the course of his address, has explained, which clarify some matters with regard to this tax in my mind. I know that there has been some difference between the old and the new resolution which was submitted to this House, and, in some respects, I do not just understand the difference. In the old resolution the change that I see is this: That in the main body, in quotation marks, a certain part of it was cut out, and that part was this:

“But not so as to discriminate between sales of goods grown, produced or manufactured, within the province.”

Premier Douglas: — That is still there.

Mr. Trippe: — No, that is not still there. Not “within the province.” There is a provision for “outside the province,” too; but that part of it has been cut out in the main body in the quotation part of the new resolution, and I don’t see just exactly the reason for that unless . . .

Premier Douglas: — Would my hon. friend clear that up for me again? What did he say the words that are left out are?

Mr. Trippe: — Taking the old resolution, the part in quotation marks, the words, “but not so as to discriminate as between sales of goods grown, produced or manufactured, within the province,” and that is left out of the next resolution.

Well then, it is proposed that it is going to be possible to discriminate between goods grown, produced or manufactured within the province . . .

Premier Douglas: — Mr. Speaker, I still don’t understand. I do not want to interrupt my hon. friend, but I have today’s Order Paper in my hand . . .

Mr. Trippe: — I have too.

Premier Douglas: — And it says, “not so as to discriminate between sales of goods grown, produced or manufactured outside the province.”

Mr. Trippe: — Yes, but I am talking about ‘inside the province.’ Mr. Speaker, I suggest we call it 6 o’clock, and we can clarify this.

Hon. Members: — Oh, go ahead!

Mr. Trippe: — All right then.

Mr. Tucker: — Mr. Speaker, I was wondering — it would be very nice, since we have so much business on the Order Paper, if we could know at least two or three hours ahead of time what we are going to have to deal with. Now I think it would be more convenient for all members. If it is the intention to go ahead with the resolution after the supper recess, we would like to know. If it is not the intention to go ahead with it after supper, we might as well call it 6 o’clock, because I have noticed this

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change in the wording which seems to do away with the very thing which they were trying to provide against, and perhaps it should be looked into. If we are not going ahead with this there would be lots of time to look into it between now and Monday; and, of course, if we are going ahead with it, well then . . .

Mr. Speaker: — Might I point out to the hon. Leader of the Opposition that if the hon. member has called 6 o'clock, he has the privilege of continuing right on. It is simply a question of whether you want to call it 6 o'clock.

Mr. Trippe: — I asked you what you had to say about it.

Mr. Speaker: — Do you want to call it 6 o'clock?

Mr. Trippe: — Whatever you say.

Mr. Tucker: — Before you leave the chair, Mr. Speaker, would the Premier tell us what we are going to do this evening?

Premier Douglas: — Well, it is entirely up to the member for Turtleford — if he is going to adjourn the debate, or going on with it after supper, whichever suits his convenience. If we go on with this after supper, and finish, we will go into Supply; if we are not going on with this after supper, we will go straight into Supply.

Mr. Trippe: — I will confer with you about this matter I am speaking about, and we will see what can be done.

Premier Douglas: — I imagine it was a typographical error, in all probability.

Mr. Speaker: — Might I point out that the hon. member is not asking to adjourn the debate, and there is no option when we come back from recess — the hon. member has the floor. You have asked to call it 6 o'clock and the House will recess until 8.00 o'clock.

The Assembly resumed at 8 o'clock p.m.

Premier Douglas: — I wonder if the House would consent to my making a brief explanation before my hon. friend proceeds.

I would like to say I am sorry that there was a typographical error here in copying the motion before it was submitted to the Clerk. I will have copies of the part between the quotation marks ready to be passed around to the Opposition, before my hon. friend finishes speaking, or before we take a vote; but the idea was to have the same as what was in the quotation marks before, with one slight change, "except for goods sold to a buyer". It doesn't change the principle.

Mr. Speaker: — We can hold up the motion available for the members.

Mr. Trippe: — Mr. Speaker, we have the Order Paper straightened out now, and I will continue.

I wish, first of all, to compliment the Premier on the presentation of these two motions. It impressed me as being a very businesslike presentation, as it should be, of a very important matter like this, and there was no politics mixed up in it until it got along to the Minister of Social Welfare, and he started this . . .

Mr. Speaker: — Order!

Mr. Trippe: — Now, there has been some talk about whether, if we approve of this motion we are not approving in principle the recommendation for indirect taxation, and I am of the opinion that we certainly are, because the motion leads off with that: “That we approve, in principle, the amendment as hereunder”. And, of course, if we don’t approve of indirect taxation in this province at this time, quite naturally the only thing we can do is to oppose the motion.

Now, as to a matter of what this would cost us additionally and things pertaining to that, I was interested in what the Premier said about the Dominion-Provincial conference in Ottawa, and I believe that at this one, and at other ones, he has secured quite a good deal for this province. As it is known by everyone, the Federal Government is not obligated for anywhere near the share of pensions that they pay at the present time; but gradually, on a basis of the need of this province and the fact that they were sparsely settled and the revenues were not so good . . .

Mr. Speaker: — Order! I think the hon. member is discussing the previous motion.

Mr. Trippe: — No, I am discussing this one.

Mr. Speaker: — I understood the purpose was to support a deficit that we might incur by paying pensions at 65 to 69.

Premier Douglas: — I do not want to interrupt my hon. friend, but I made it clear that, as far as we were concerned, that would not be the purpose of it. Even if we were to avail ourselves of it, it would be used for the same purpose it is now, namely hospital and education; but that is the reason why some provinces are asking for this.

Mr. Trippe: — Well, here is the statement of the Premier, at the conference, as far as it links in with this:

“If the provinces have to pay supplementary bonuses to provide complete health service to all of the group 70 and over, without a means test, to the group 65 59 69, with a means test, that will mean a very considerable increase in expenditure. In the case of my province, even with a means test for both groups, it will mean an expenditure something in excess of \$3 million on the basis of our 1949 figures.”

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Premier Douglas: — Mr. Speaker, on a question of privilege; that does not mean that this was necessarily where we would get the money. I, at no time, suggested that.

Mr. Trippe: — Well, that is the suggestion that the press left us — that this was a way of getting the money to support this idea.

Mr. Speaker: — I think the hon. member is under rather a misapprehension, because, if I recollect correctly, the Premier made it quite clear that the first motion was not tied up with the second motion whatever, and the first motion was dealing with old-age pensions and this is dealing with a method of taxation.

Mr. Trippe: — Well, it is my contention, Mr. Speaker, that this form of taxation is going to raise more revenue for the province than the one presently in force, whether it is used with it, or separated from it, or however it is used; and we haven't had any clarification on that whether it is going to be repealed, or which one is going to be used, or whether both of them are going to be used. That is a matter which we have not had clarified yet, and I would like some clarification on it. I do know that the Provincial Treasurer has given the impression that this tax will not be needed to gain more revenue for the Province, and looking at what the 'Leader-Post' had to say on February 1, they report the Provincial Treasurer as saying that if and when the provinces are allowed to place a three per cent indirect levy on retail turnover, it will not mean a new tax. Well, if it is not going to mean a new tax, then I would like to know why we need a different method of taxation. I would say that if we do need this tax, we should ask it later on; and if the present tax yields enough to take care of the situation at present, then I do not see any reason for changing it.

It seems to me that, year after year, we are taking more money out of the people, one way or another, all the time, and I see, in this proposed method of taxation, a way of taking considerably more. I believe that this tax would certainly be regressive, and I do not know exactly how you are going to collect it. If the items presently exempted are going to be exempted under this form of taxation, I would like to have someone explain to me how you are going to do it. If this is a tax on merchants' turnover, then it would have to be figured out by the merchant at a very early stage; and how in the world are you going to exempt items, 1 to 14 cents, in this method of taxation? That is something that I cannot understand, and I would like some clarification on that. And how are you going to compute this tax, and leave the goods now exempted under sales tax? I don't know how that could be done. I have had a little bit of experience as a merchant, and I do not know just how you would do that. I hoped that someone speaking as a representative of the Government, would explain that.

There is also the matter that we have in the north, nowadays, of the exemption of Indians from taxation; you have that in your own stores up in the north. I do not know how you are going to levy a sales tax on volume at any point or in any way, and still be able to deduct that, when you make sales to Indians in a very substantial manner the way you do in your Northern Trading Posts, and the way most of us do up there in our dealings with those people.

I submit, Sir, that this form of taxation would contribute materially to inflation which we are all trying to avoid at this time, and I believe that the Provincial Government should take a lead in avoiding all forms of taxation that would have a tendency to raise the cost of living. This is, indeed, a very high form of taxation — 3 per cent is something that is startling on turnover if you apply it on turnover from time to time. In the retail business we do compute this. In a grocery and general stock of merchandise, if you are making a sale, you generally add a cost of 3 per cent on that to take care of the cost of freight. If it is a straight hardware stock, something that is quite heavy, you then go up to make some compromise between 3 and 5 per cent. We have quite a bit to say here about freight, and just one round of this taxation would be equal to the freight on a whole stock of goods, and anyone can see, at once, that it is a very substantial form of taxation. I believe myself that it is just a form to hide the existing tax. If it is said that no more money is to be raised over it, and it is not going to apply on any additional items, well then it must be some scheme to get it under cover. I believe that there are quite a few people in this House who do not favour that. I have heard some quite pronounced statements on that from the hon. member from Swift Current (Mr. Gibbs), and I have heard, also, some statements contrary to that from the member for Last Mountain (Mr. Benson).

I was thinking of a condition — we will say, the sale of a washing machine, which is quite a substantial item. It would be very much easier, as far as the political implications would be concerned, to say to some person who was buying a washing machine “the price of this machine is \$206”, instead of saying to them, “the price of this machine is \$200, and then we also want \$6 for the education and hospitalization tax”. So it may be good in that way, but the customer is paying as much, and certainly more.

I feel this form of taxation is a method of discriminating against goods that do not originate in this province. I do not know how you could go ahead and impose this tax and collect for goods that were purchased outside of the province, because the very nature of the resolution tells you that you cannot do it. Now, under this form of direct taxation that we have today, the onus is on the purchaser. If you go outside this province and purchase something, you are required by law to remit the amount of tax to the Provincial Treasurer, if you have not paid it to someone else who will remit it to him. The legal authorities tell me that you cannot do that with an indirect tax; I won't say that is not so in the case of an automobile, because you might refuse to issue a licence until it was shown that the tax was paid. But suppose it was a case of machinery for a printing plant, or something like that: what would stop a person from going outside this province and purchasing machinery for a printing plant and bringing it in here — and how would you collect the tax? I am sure I don't know, and I would like some clarification on that.

We have also the border towns which have always been a problem. With Eatons, where you do get some part of the education tax nowadays, I expect — and surely not all of it — from the mail order houses, this would be further complicated. We have had some example of getting off on the wrong foot in this province before — for instance, just recently, with the Honey Board; and I hope we do not get in wrong over this form of taxation as well.

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Now, there are certain substantial groups of people in this province and throughout the Dominion who are opposed to this. Chief among them, of course, are the retailers and the Boards of Trade. Something was said, this afternoon, about the Canadian Chamber of Commerce being opposed to this form of taxation, and they are. They have not (as I have ever known, and I get most of their literature) circularized a great amount of material in this province or any place else contrary to this form of taxation; but in a brief they sent to the Federal Government as to their attitude on legislation and other forms of taxation — income tax and everything else — they did have a little something to say about this form of taxation — a matter of about 5 lines. They say:

“In order that duplication of government machinery and extra expense and effort on the part of citizens be avoided, the Executive Council is opposed to any piecemeal change in taxation powers of the respective taxing jurisdictions, such as the granting to the provinces of indirect taxing powers on retail sales. Such action would make for confusion rather than for clarification in over-all taxing jurisdictions”.

That is all they had to say about it, Mr. Speaker — not very much; but there are several other people who have something to say. The Provincial Retail Merchants' Association went into this quite thoroughly and the secretary of this association did not really know what the attitude of the merchants was going to be. So they requested that a representative of the Government be sent down, and the Deputy Provincial Treasurer was sent down to clarify the proposition and explain it thoroughly to the retailers. He was there at this meeting and representatives of the Saskatchewan Retailers' Association were there from different parts of the province. The Deputy Provincial Treasurer explained the Government's attitude toward this tax, in detail. They considered all the representations, and when they were through, they passed, unanimously, that they were against this form of taxation, and they submitted a brief to that effect to the Provincial Government.

The Regina Board of Trade are against it; also the Saskatoon Board of Trade, and substantial numbers of other people. I have quite a bunch of files here. The “Ottawa Citizen” had something to say about it, as regards Ontario. Editorially they say this — it is not very long:

“It is true that five provinces already have taxes on consumption collected by retail merchants as agents for the province. The tax now proposed, however, is very different. It would be a tax on turn-over — that is, on net volume of sales. It would be hidden. It would establish the Provinces in a field of taxation that bears directly on the consumer who is already pressed by high prices. For the retail industry a provincial sales tax would inject new overhead costs into the most competitive sector of economic life, for besides jacking-up consumer prices it would cut down corporation tax yield

and probably drive out weak retail establishments.

“The public interest involves still another consideration. If there must be new taxes, the best course is to avoid hidden and regressive taxes, even though they may be easier to collect for the tax collector. A Provincial sales tax would duplicate the Federal sales tax that would apply at a different point in the distributive system and would bear heavily on persons of limited income.”

Now there has been something said about the Retail Merchants advocating an indirect tax; and they have, in times previously, advocated such a tax, but not collectible in this way. They want it on the same basis as the Federal tax, at the manufacturers' level, so that they do not have the trouble of collecting it and making the very exhaustive reports that they have to make on the tax to the Provincial Government. You can be sure it is really a nuisance to go into this.

The Leader of the Progressive Conservative Party in this province had something to say on this, a few days ago, and I will read just briefly, parts of what he had to say, as quoted in the “Leader-Post” of February 27:

“Mr. Hamilton said: ‘The indirect tax is politically dishonest because it is hidden in the price of things people have to buy, but the buyers do not know how much tax they are paying. Buyers have no way of knowing whether they are paying too much for a specific type of service. It encourages politicians to outbid each other in promising more and more services. The indirect tax also bears hardest on those who must spend all their income on necessities.’

“Mr. Hamilton pointed out that if certain provinces invoked such a tax on manufactured goods, buyers from other provinces obtaining these goods would pay the tax there, and then would have to charge a similar tax when selling these goods in their home province. Thus goods might well be taxed twice, he said. ‘The truth is that it would be merely putting an honest direct tax, which we grumble about, under the table, so that we cannot be reminded so frequently that we are being taxed for services received,’ Mr. Hamilton stated.”

I believe that gives the position quite nicely, Mr. Speaker.

The “Star-Phoenix” said, in an editorial:

“This may be smart politics, but it is dishonest politics. Politicians wish to escape the consequence of their policies.”

That is their idea. But best of all, the Ontario Federation of

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Labour had passed on this, also, as referred to in the “Star-Phoenix” of February 6:

“The Ontario Federation of Labour, C.I.O., C.C.L., has passed a resolution opposing any amendment to the British North America Act, Canada’s constitution, which would permit provinces to levy hidden consumers’ sales taxes. The resolution, passed by delegates representing a membership of 200,000, called the proposal a ‘nefarious’ scheme.”

I believe that this Government should pay a little attention to that, Mr. Speaker, because they are supposed to be the right-hand partners of this C.I.O., C.C.L.

I might sum up by saying that I would wish that someone on the Government side would clarify a number of things which I have mentioned that seem to be confusing in my mind, and some of the other hon. members’, I am sure. One of them is as to whether there will be any increase in the rate of taxation under this form of tax — and will there be any increase in the items taxed, or will there not? Then I would like to have them show us how they can collect this tax outside of the province — and will the education and hospital tax be repealed before you impose any form of indirect taxation? And will the rate of 3 per cent as proposed as the maximum be imposed in this form of taxation, or will some part of it be imposed; and will this legislature — even if we pass this resolution — be asked for authority before any indirect tax, as proposed by the resolution, will be imposed?

I would like to have you show us how a retailer can properly collect this tax and remit, on a sound basis for it. I would also like to have you tell us how you can find out whether he is doing it or not — what form or method of inspection you are going to carry out to find out whether it is being properly imposed and collected and remitted. In other words, is this in addition to the powers of direct taxation, or just in place of them? And I would like to be sure that we are properly clarified on that.

Having these explanations, as the debate proceeds, I am sure we will be better able to judge the full implications of this proposed indirect tax. That is about all I have to say, Mr. Speaker.

Hon. Mr. Fines: — I am afraid that the hon. gentleman who has just taken his seat has really not been discussing the resolution at all. He is more concerned about how the tax would work in this particular province, whereas this resolution is asking for the Legislature of Saskatchewan to give its approval, in principle, to an amendment to the B.N.A. Act. All these questions he asked, in closing, are questions that will be considered when the province has made up its mind whether or not it is going to go into this field.

I want to say, very frankly, that, as far as I am concerned personally, as long as the Retail Merchants adopt the attitude they have now,

I am not too enthusiastic about putting this tax in. We stuck our necks out, Mr. Speaker, because the Retail Merchants of this province asked us, year after year to try to get Ottawa to give us the right to levy an indirect tax. We took them up on it. We went to Ottawa in 1945, and we came back and reported to the Retail Merchants, who were delighted and were very hopeful that they were going to get away from having to collect the tax. Now my hon. friend speaks of a meeting which took place in Saskatoon which the Deputy Provincial Treasurer attended. My Deputy tells me that the meeting was very good; he got a very excellent hearing, but, unfortunately, there was a lot of politics in that meeting. There was a certain gentleman from Hudson Bay Junction there, who was insisting upon injecting politics constantly into the discussions of that particular meeting.

The question has been asked, Mr. Speaker, if this will provide more revenue. Well, frankly, I do not know what revenue it will provide; and no one else knows what revenue it will provide, until such time as we sit down and try to figure this thing out to see if we want to put it into effect in this province, or not. We are making no commitments that we are going to go into this at all. My hon. friend wants to know if there is going to be any increase in the rate; he wants to know if there is going to be any increase in the number of items taxed; he wants to know if the education tax will be repealed; he wants to know if the 3 per cent will be imposed, or some part of it. And then, finally, he wants to know if the Legislature will be asked. Well, Mr. Speaker, we have not reached the stage yet, where the Government, or the Provincial Treasurer, can at will impose a tax on the people of the province. That is something that the Magna Charta decided, away back in 1215 . . .

Premier Douglas: — Abbott did it by radio.

Hon. Mr. Fines: — Yes, but from the Magna Charta, in 1215, until Mr. Abbott put into effect that tax, never had any Government or Minister of Finance done it.

The hon. gentleman quoted Mr. Hamilton, the leader of the Conservative Party in this province, as saying that it is “politically dishonest”. Well, in the ‘Leader-Post’, yesterday, Mr. Drew says, “the Liberal Government at Ottawa is politically dishonest.” Surely, what the leaders of these Conservative parties say does not necessarily make it true merely because they say that. The witnesses the hon. gentleman called on — why, he called on the Chamber of Commerce, and said they are opposed to it. I would like to know what tax the Chamber of Commerce is not opposed to, whether it is direct or indirect or any other kind of a tax; the Chamber of Commerce is opposed to taxes of all kinds and forms. Surely my hon. friend knows that. Chambers of Commerce all over the North American continent are conducting campaigns constantly, even accusing our present Government at Ottawa of being a Socialist government because they are providing too many services down there. But surely my hon. friend is not going to accept the evidence of an organization that feels like that!

Now, Mr. Speaker, I just want to take a minute or two; I do not want to delay this. Partly what we are trying to do here is to get away from the idea of having this ‘nuisance feature’ in the tax. My hon. friend has brought up some very real problems, such as, how are we going to collect the

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tax outside the province, and that is a real problem. I suppose what we would have to do would be to have organizations like the T. Eaton Company, the Simpson Company in Saskatchewan, keep a record of the sales of each province, and remit to their respective governments the turn-over tax on their sales. He pointed out that, today, we have no difficulty getting it outside the province. Well, I wish it were as simple as that, Mr. Speaker; I want to assure my hon. friend that it is not quite that simple, even today. He says it will give us a lot more revenue. Well, that is one of the things I worry about — I don't think it will give us as much revenue. Frankly, I do not think the indirect tax, with the same exemptions as we have today, will give us the same amount of revenue. For example, when you buy a 15-cent item today, you pay one cent. If you buy 7 of those 15-cent items, the consumer, today, pays 7 cents — that is, on \$1.05 he pays 7 cents; but, under this, he pays 3 cents. In other words, your revenue is going to be more than cut in two. The same is true with 20-cent items — instead of getting 5 cents on the dollar, you would get 3 cents on the dollar, so that I am not sure that there would be as much revenue in it as there is at the present time.

Then he wants to know how we would exempt certain goods — well, how do we do it today? We just don't collect the tax on them. It would be exactly the same thing: the merchant would have to keep a record of the taxable goods and the goods which are non-taxable.

Now, Mr. Speaker, I do not want to say any more. There are a lot of things one could say about it, but we are not asking this House for authority to levy this tax in Saskatchewan. We are asking for the authority to tell Ottawa that this province is agreeable to an indirect tax. May I say that there are six Liberal governments in Canada that want it — British Columbia — Mr. Johnston, in the Legislature, the other day, said that as far as they are concerned they were quite satisfied with their present 3 per cent direct tax. The province of Manitoba is in favour; Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland — six provinces in Canada, today, all with Liberal governments. Now, surely, we are not going to find a spectacle here of where the Liberal Opposition of this province are going to prevent the six Liberal provinces from getting what they want, together with, of course, the Dominion Liberal government! Now let us co-operate, Mr. Speaker. Let us keep this thing out of politics, and let us be as unanimous as we were with the last resolution.

I just want to say, in closing, that I cannot give my hon. friend any answers to those questions, because we are not asking for authority to put this into effect at this time. All we are asking for is a constitutional amendment, and, as I said before, unless we can get the merchants behind us in this, and get the people of the province reasonably unanimously behind this, we are not going to do it because it is not designed to give us more revenue; on the contrary I am afraid that we will get even less revenue than we get at the present time.

Mr. A. Loptson: — Mr. Speaker, I have not much to say on this question; but I was rather surprised to hear the Provincial Treasurer say that he was passing this resolution to help the six Liberal governments in this Dominion.

Mr. Tucker: — He is getting helpful.

Mr. Loptson: — Yes, he is getting very helpful to the Liberals — very co-operative indeed.

Generally speaking, Mr. Speaker, the principle of this tax, to me, is a dangerous one. It is not a good tax for any government to have, and it is bad for the people. It tends to hide the cost of services that the governments are giving to the people, and the more you hide that cost, the more demand you have from the people for further services. For that reason alone, I would be inclined to oppose it.

Besides, I think this Government wants it for other reasons than just to help the Liberal governments in these other provinces to get it. I think they find it a very convenient place to hide the present 3 per cent education tax — put it underground. It would be very convenient in the next campaign to be able to say, “We have got rid of that ‘obnoxious’ tax,” because it is no longer collected up above-board. I think possibly the hon. Minister will agree with me that there might be something to that — that they would get rid of that obnoxious 3 per cent education tax; it would disappear before the next election, and he will go out and say, “Look, we have got rid of that education tax, you are not paying it any more.”

Just the same, the hon. member for Turtleford has explained a great many difficulties of collecting it, and possibly of applying it fairly, especially where import and export inter-provincial trade is concerned. With all these obstructions to it, pending right now, and with both the Premier and the Provincial Treasurer saying “We don’t want it,” well then, why should we bother about passing it? I think it would be a good time to just pass it over, because I am sure that the Liberal governments in the other provinces of the Dominion are not looking for assistance of the C.C.F. Government in Saskatchewan to get anything put through. I am sure of that. I think, as a matter of fact, that as far as this particular resolution is concerned, and so far as getting it passed through Ottawa — if Ottawa wants unanimous assent from all the provinces — it is not going to go through, and I am quite prepared to say that it is not going to go through at the present time until we get it more clarified.

Mr. Benson: — Mr. Speaker, I just want to make a couple of observations in regard to this particular motion. I do not think I ever saw the two ‘heavy guns’ of the Government side of the House present a motion to this Chamber with so little enthusiasm as they have presented this present one.

Hon. Mr. Fines: — We haven’t much enthusiasm for these Liberal governments.

Mr. Benson: — I think there is something wrong somewhere, because they did not seem to be very enthusiastic about this. One fact is pointed out: that no Province could impose this tax until the constitution has been amended. The Dominion Government at the present time levies the indirect tax. A few years ago we used to have a provincial income tax in this province as well as the Dominion Government levying a Dominion income tax, and it was decided that it would be better for one government to levy

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all the income tax. This arrangement provides more efficiency, less expense and so on, in the collection of that tax. The Province received a subsidy from the Dominion Government because it withdrew from the income tax field. The Dominion Government is now levying this indirect tax, and we are suggesting here in this resolution that the Provincial governments shall also levy an indirect tax, and the suggestion is made that this indirect tax will be necessary for some provinces in order that they can pay the additional cost in regard to old-age pensions. The Premier did not say that it would be necessary, so far as Saskatchewan is concerned.

I would hate to take any stand that would prevent old-age pensioners from receiving the pension to which they are entitled; but I do want to point out that, if those provinces that now want to are not allowed to impose an indirect tax and they need more money, there is nothing to prevent them having the Dominion Government increase the indirect tax and pay a bigger subsidy to the provinces staying out of this indirect tax field. I think we are just going to set up double machinery again, across the Dominion of Canada, to collect the same class of tax, and I suggest the solution to this problem is for the Dominion, if necessary, to increase the indirect tax, collect it all and then increase the subsidy to the provinces in respect to the amount which has been collected, and that the provinces should stay out of the field.

I am also opposed to a province levying an indirect tax, because I believe that the direct tax is the proper tax for a province to levy. I believe that the people who demand services should know exactly what those services are going to cost, and if we start imposing indirect taxes in this province or any other province, then the people of the province will not know what the services they are getting are really costing them. So unless I hear some good reasons why I should support this motion, I am going to vote against it, because I do not believe in this double tax, and I believe in direct taxes for the provinces.

Mr. A. McCarthy (Cannington): — Mr. Speaker, I would like to say just a few words on this and I am going to be very brief. I think we should be very careful about introducing any new forms of taxation, and, after all, this is a new form of taxation in this province, because up until now we have had only a direct tax. It is, therefore, a new form of taxation.

My experience with all the taxes (as far as similar experiences are concerned) is that when you put a tax on, it never comes off — it has a tendency to increase. It also has the tendency, very often, that, having been put on for one purpose, in a few years time it is used for any other purpose except that for which it was first levied. We have that, today, in our Public Revenue Tax. I think all hon. members know that the Public Revenue Tax originated as a war measure in the first war, to help the Red Cross. Well, that tax carried on for a little while, and they forgot the purpose of it; it was used for another purpose altogether. Today, it is used to increase the revenues of the Provincial Government.

We have the same history with our present gasoline tax. I remember, very well, going to municipal convention in the late 'twenties just the same as we have had here, this week, I was quite a bit younger than I am now, and pretty enthusiastic. We went to the convention, and the Government of the day said, "No, if you will agree with us we are going to put a 3-cent tax on gasoline and you are going to get it all back into the municipality: we will just collect it and we will send it out to the municipality, and everything is going to be lovely". Well, I was pretty enthusiastic about that and I stuck up my hand and voted for it. But down the row, we had an old chap there, a very fine old gentleman who was on the council, and he said, when he and a young chap were talking it over, and we thought we had done a big job: "Look, boys. I tell you what you have done. You have put on a new tax which will never come off. It will increase; it will be used for every other purpose except that for which it is being levied" I have often thought since, how true that gentleman's words were.

Hon. Mr. Brockelbank: — And you are still a Liberal!

Mr. McCarthy: — Well, he wasn't a Liberal, as a matter of fact, he was a Tory.

Hon. Mr. Brockelbank: — That was a Liberal Government.

Mr. McCarthy: — Yes, well, all right; your Government have done the same thing. Your present Minister of Highways, a few years ago, did not know the history of this tax, if you want to know all about it.

Hon. Mr. Brockelbank: — They did not even build highways.

Mr. Speaker: — Order!

Mr. McCarthy: — Now, there is another thing about this. We are agreeing here, if we vote for this, to put on another form of taxation. We have no guarantee that the Education Tax is going to be taken off, and this Government cannot give us that guarantee for the simple reason that this Government cannot bind the acts of any future government; but what you are asking us to do is to agree to the principle of a new taxation. Now there is nothing to prevent a future government, of any political stripe, from saying, "All right, we are going to put this tax on, and we are still going to leave the Education Tax on". It is a new form of taxation, and I am very much against its introduction.

Now the Provincial Treasurer, or the Premier, (I don't know which one) said they did not need it for the old-age pension, so I cannot see, for the life of me — the Provincial Treasurer does not know how he is going to levy it, how he is going to collect it, or anything about it; so I cannot see why we should be asked to endorse this new form of taxation.

Mr. Harry Gibbs (Swift Current): — I am not going to say very much about this resolution, Mr. Speaker, but I noticed that, during this debate — we have our Liberal Opposition, of course, and they have to refer to the Education Tax and they are up in the air now about

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this indirect tax. But the Liberal Government down in Ottawa has had an 8 per cent hidden tax for years and years, and they have done nothing about it, and I do not think there is a member in the Liberal Opposition who can tell me that they know whether or not the Federal Government is going to increase that hidden tax down there, so we are just in the same position.

We do not like taxation — there are none of us who like taxation; we do not like increased taxation — we have to be honest about it and not be such damned hypocrites about it. Nevertheless, Mr. Speaker, the only reason, by listening to the debate on this resolution, I have come to the firm conviction that the old-age pensioner of our province has got to be treated right, and we applied to the Federal Government to try and get extra money for them, but it does not matter what we say or do, all the resolutions seem to go in the ashcan down there at Ottawa. If we can help to give better service and better pensions to our old-age pioneers in this province, well, I am all for it. That is why I think — although the Premier made, in his remarks, Mr. Speaker . . .

Mr. Speaker: — Order! Might I point out, exactly as I did to the other side, that this has nothing at all to do with the old-age pension.

Mr. Gibbs: — Well, I was just referring. Nevertheless, Mr. Speaker, I have been trying to figure this out, and, as our Premier said, in his remarks during the talk on this debate, we don't have to put it on, and true, the member from Cannington says, they do not know whether we will put it on. Well, we don't know; and if it is not necessary to put it on, I don't believe this Provincial Government will put it on. For that reason, Mr. Speaker, I think that, in order to get this thing passed through Ottawa, and let Ottawa do something down there, it would be a good idea to follow suit and see what they will do, and I think I shall support the resolution.

Mr. H.J. Maher (The Battlefords): — Mr. Speaker, it is not my intention to contribute very much to this debate, but I would like to have the Premier, when he sums up this particular resolution, answer a couple of questions.

One that is bothering me is this. Suppose we in this Legislature subscribe to this principle, then if, a year from now, the Provincial Treasurer comes in here and asks us to subscribe to a tax, an indirect tax; either to replace the Education and Hospital Tax, or as an additional tax — if we in this Legislature go on record tonight subscribing to this principle, I don't see how we can possibly do anything else but subscribe to the tax going on, next year, for argument's sake, provided it is in an equitable form.

There is just one other point I would like to have cleared up and that is this. Looking at the Public Accounts, we note that Dominion subsidies since 1942, Mr. Speaker, have increased from \$7,751,000 (I will leave off the odd cents) to \$17,176,000 in the fiscal year ending 1950. Now, one thing that bothers me a little about this is: if the provinces are in the position that they are levying indirect taxation, does that weaken their position with any Dominion Government in negotiating grants from the Dominion Government?

Mr. Tucker: — Hear! Hear!

Mr. Maher: — I feel rather keenly about that particular point. I believe the Federal Government, as the record shows at the present time, are gradually accepting their responsibilities in the weaker provinces, or the provinces who are not so strong financially — as we are; and I am a little concerned that, if we subscribe to this principle, regardless of the stripe of the governments here and regardless of the stripe of the government in Ottawa, the time might come when they will say, “Well, you have this privilege and you can put on an indirect tax; you don’t need these subsidies”. I look for the time, Mr. Speaker, when these are going to be greater. I think there should be a greater responsibility of the Dominion Government (for argument’s sake) on highways and other things, and I would hate to see this trend halted. Since 1942-43, the Dominion contribution to this province alone, has increased in the neighbourhood of \$10 million, and I feel very keenly about that — that if we are in the position that we can levy indirect taxes, and we can go a little further than that — it would not be too hard to have this changed from three per cent to a larger rate; and I am very concerned that this might weaken the position of the Provincial Government in negotiating grants from any Federal government.

Mr. Danielson: — I listened with a great deal of interest to the member for Swift Current (Mr. Gibbs). Of course, he is very critical of the Federal Government for levying the sales tax now in effect, and, judging by his remarks, he does not approve of it at all, and I am inclined to agree with him. If we could get out of it, that would be fine — none of us like it very much; but I do not see why he should use the argument that we are doing something that is wrong, but they can do it. I cannot really reconcile these points.

Then, he said another thing — and you might call me to order, Mr. Speaker; but he was trying his best to convict the Premier of saying something he did not say, and that was that this tax was going to be used for old-age pensions. The Premier never said that, but he has come to the conclusion that it is inevitable that it was going to be done.

Now, the Premier spoke to the Saskatoon Municipal Convention, just a year ago. I am going to quote this, Mr. Speaker, because I believe the Premier of this province was one of the spear heads of the movement for this amendment to the constitution. This is my impression from information that I gather — I may be wrong; but he was quoted very prominently in the daily press of this province and other provinces as having had a great deal to say. But when he spoke to the municipal convention in Saskatoon, a year ago, March 15, 1950, he said this, and I quote:

“The Premier also discussed the controversial replacement of the 2 per cent Education Tax with the 3 per cent levy for education and hospitalization. He said the direct tax was the most equitable alternative facing the Government to take up the hospital services plan deficit. The other courses were an

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increase in the land tax, an increase in the per capita tax, or a special charge against patients in the hospitals. The course chosen was in line with the ability-to-pay principle”.

I am not criticizing what the Premier said. I am not quoting him for that purpose, because I think there is quite a lot of good commonsense in it. But he has completely abandoned that principle now. He is now out spearheading a movement to get an amendment to the constitution so he can levy an indirect tax in this province. Now he says he is not going to do it; but he has not said he would not do it either; he did not give us any indication either way when he spoke here. I noted very carefully what he said and there was no intimation that he was going to replace the present Education Tax with this indirect tax, but he did not say that he was not.

Mr. Tucker: — Neither did the Provincial Treasurer.

Mr. Danielson: — And neither did the Provincial Treasurer. They were very ‘cagey’ on that subject, Mr. Speaker, and I am not blaming them for that; but I believe that if this particular problem or question was given to the people to vote on, where they could express their opinion on this subject, there would be practically unanimous opposition to it, because, after all, the member from Cannington has given us a little history of these taxes.

I am satisfied about another thing — that they have a 3 per cent tax now. This 3 per cent. — The people know when they pay this three per cent, and I want to say, Mr. Speaker, that, in the next few years, if this Government stays in office, it will retain the Education and Hospital Tax of 3 per cent, and they will also have a 3 per cent indirect tax, because the present rate of expenditure, mounting year by year, is going to take all the money they can extract from the people of the province by any means at all, and this is a new method whereby they might, in the future, be able to extract some more money, and do it so the people would not know it.

I have here an editorial from the “Western Producer” of December 21, 1950, written by Pat Waldron. I could read the whole editorial but I am going to read just a few lines at the beginning, and then I am going to read the paragraph in which he deals specifically with the subject which we are discussing here. He says:

“It is odd to find Canadian provinces, especially western provinces, seeking power to levying indirect taxation. In the days when tariff reform was the battle-cry and the first stirrings against domination by the two old parties began to take shape, this would have appeared a black reaction, for at that time indirect taxation was held to be an insidious and sinister device of deceiving the people.”

That was in the days gone by — and he goes on down here; I could read the whole thing but it would only take up time. He says:

“Now comes the news that provincial governments are actually asking that they be allowed to impose indirect taxation. What is one to make of it? The answer is simple — all governments like to extract their taxes as painlessly as possible. If the victim doesn't even know that he is paying them, so much the better.

“Now this may be a form of deceit and trickery, but from the point of view of the government it is good policy; from the point of view of the people, times have not changed, indirect taxation was and is a method whereby the treasurer filches money out of the taxpayers' pant-pockets while he isn't looking; but, perhaps, times have changed to the extent that now people like the flim-flam. We are not so sure.”

That is Mr. Pat Waldron. I think he probably expresses the rural point of view of Saskatchewan as well as any man in this province, and I am sure that I, as a rural member, Mr. Speaker, could not vote for this resolution which aims to bring about an amendment to the constitution that would give the Provincial Government an opportunity to put some of the taxes underground and take them from the people without them knowing it.

Now, what is the excuse so far as this province is concerned? If they have to have more money, let them increase the Education Tax. They can do that, because the machinery for collection is already there. It would not entail any more expense or any more trouble so far as the collecting of this tax is concerned. The only reason I can think of if they do so — Well, no government makes itself popular by increasing or putting on more taxes, which would mean that every time a person goes and purchases some goods, he would have to dig down in his pocket and pay that tax right there. But, after all, I agree with the Premier when he made the statement that “direct taxation is the most equitable and fair tax there is”, for the reason that you pay on the goods which you buy, and everybody pays his share. And that tax, Mr. Speaker, is not levied on freight from Eastern Canada into Saskatchewan, or from B.C. on fruits and everything else; but it is on drygoods, hardware, or numerous things which are taxable. This indirect tax is going to apply on the transportation, on all commissions, and profits on top of that, so there would be lots more than 3 per cent, or 1 per cent or 2 per cent or whatever the tax levied might be, under this new method of indirect taxation. You are going to pay taxes on profits, on freight, on commissions and all these things, which you do not do when you levy a direct tax.

So, Mr. Speaker, I am not going to support this resolution

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Mr. R.A. Walker (Hanley): — I had not intended to take part in this debate, either, but after hearing some of the discussion that has taken place here this afternoon, I feel that it is necessary for us to put our position in this matter abundantly clear before this House and before the people of Saskatchewan.

I think, Mr. Speaker, that it is commonly recognized by all people of all political parties that there is a growing responsibility on the part of the Federal Government in this country to assume the burden of social welfare and education to a much greater extent. Now, Mr. Speaker, this failure of the Federal Government to assume its rightful responsibility has left those responsibilities where they were placed by the Fathers of Confederation, namely, upon the provinces and upon the municipalities. It has been recognized by the Rowell-Sirois report that the burden of these things ought to be distributed on the basis of the fiscal ability of the various parts of the country to bear that burden. The Rowell-Sirois report, among other things, recommended that the tax structure of this country should be revised so that the burden of those services — social services and education — should be placed more accurately upon the industrial and commercial institutions of this country rather than upon the more direct base of taxation, such as land and realty. They said that was the only way whereby the real sources of wealth in this country could be made responsible for this growing burden of social service.

Now, the Federal Government, as the Premier has indicated, has failed to implement the recommendations contained in that report. They have failed to implement those recommendations notwithstanding that they have made promises which extended a long, long way from time to time in carrying out those recommendations. We have now a situation where the Federal Government is collecting corporation taxation and income tax and succession duty taxes in 8 of the 10 provinces exclusively, and they are distributing the revenue back on a per capita basis. That does not go to the extent recommended by the Rowell-Sirois commission, namely, that those revenues should be paid back to the people of Canada on the basis of fiscal need.

Because the Federal Government has failed to implement those recommendations, we now have this situation: the growing demands that are being made upon the various provincial governments in this country are getting out of reach, are getting beyond the capacity of many of the less wealthy provinces in Canada. You have the situation where, in a province such as Ontario, provision of ample social services provides a very light burden upon the taxpaying capacity of that province. You have a situation, such as in the Maritimes and the Prairies, where the maintenance of a decent standard of social services and education puts prohibitive burdens of taxation upon the people of those provinces, and that is because, and solely because, the Government of Canada has not accepted the principles laid down by that Commission.

I suggest, Mr. Speaker, that I feel very much as do most of the members who have preceded me in this debate. I am opposed, of course, to taxation; I am opposed to indirect taxation; I wish that they could all be abolished. I think, Mr. Speaker, that hon. members opposite, if they

recognized their responsibility to their party, if they recognized their responsibility to their country, would discharge that responsibility by bringing renewed pressure to bear on their colleagues in Ottawa to see to it that the fiscal recommendations of the Rowell-Sirois report are complied with. If that should happen then you would not have this situation where some provinces less favoured economically than others, find it impossible to maintain a decent standard of social services.

Now, Mr. Speaker, I feel that if I vote for this resolution, I will be assisting the Federal Government to renege on its true responsibilities to the people of Canada. I feel that if I support this resolution I will be voting for a constitutional set-up which will make it possible for the provinces to temporarily alleviate the dire financial circumstances in which they are — that is, the poorer provinces of Canada; to temporarily alleviate those financial circumstances, without in any way permanently solving the problem of distributing the burden of taxation equitably in this country.

I think, Mr. Speaker, that it would suit me very well politically to be able to put that responsibility squarely upon the shoulders of the Federal Government. After all they have assumed, at election time particularly, responsibility for expanding social services. Now, I say that it is immoral and illogical for the Federal Government to pass the condition that you accept a new field of taxation and use that new field of taxation to defray part of the costs of those services. Mind you, Mr. Speaker, it is not new for the Federal Government to take that attitude. I can remember, and I haven't been active very long in this province, but I can remember not very long ago . . .

Mr. Tucker: — The hon. Premier said the very opposite.

Mr. Speaker: — Order!

Mr. Tucker: — I understood the hon. member to say that the Federal Government had made it a condition, in regard to old-age pensions, that this should be agreed to. I understood the Premier to say exactly the opposite.

Mr. Walker: — I did not say that. I will repeat what I said for the benefit of my hon. friend. What I said was that the Federal Government has assumed the responsibility of expanding social services in this country, and now they have created a situation where the only way that the provinces can comply with the demand for increased social services is if the provinces will occupy a new field of taxation and assume the cost of those services. They have created those conditions, and I suggest, Mr. Speaker, that the time has come when the people of Saskatchewan and the people of Canada should call a halt to this kind of chicanery which the Federal Government has been indulging in, this past number of years. We are all familiar with the instance, 10 years or so ago, in Saskatchewan, with the promise of a dam and a power project on the south Saskatchewan river, and then when the election was won, and after the Rosthern by-election was safely in the bag, then we were told the people of Saskatchewan are going to have to take care of part of the cost of the project . . .

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Mr. Loptson: — That has nothing to do with the resolution.

Mr. Walker: — Mr. Speaker, I am using that merely by way of illustration — to illustrate that this is the type of conduct that the Liberal Government likes to perpetrate on the people of Canada. I suggest that this is really not very much different. However, Mr. Speaker, most of the members of this House, I presume, will probably vote for this resolution, and my reason will be this: As I have said, I would like to vote against it, and I think it would serve the Federal Government right if we did vote against it and put the responsibility on them, where it belongs. But what are the consequences of defeating this resolution? If we defeat the resolution, there are some provinces which are going to be incapable, financially, of taking advantage of these offers that are made periodically by the Federal Government; and we know, and we are informed, that, unless all of the provinces concur in these constitutional amendments, the Federal Government will not proceed with them. Well, if that applies to this particular constitutional amendment, it also applies to the other constitutional amendment with regard to old-age pensions, and if we fail to pass this resolution, we may make it impossible — quite likely will make it impossible — for some of the less-favoured provinces in Canada to live up to the obligations which the Federal Government has unjustly thrust upon them; and if we make it impossible for any single province in Canada to accept that financial burden which is being put upon them, the Federal Government will use that as an excuse for failing to live up to the commitments which they have made for these increased social services.

And I say this — that I shall have an opportunity at any future Session of this Legislature to take part in a debate on the relative merits of an indirect tax as compared with a direct tax, and when that time comes I shall make my position clear as to my views on those two comparative forms of taxation; but that time is not here now. Here we are voting on a constitutional principle, which, if we fail to pass it, I repeat, may deny to the people in some other provinces in Canada and to all the people in Canada (because if you deny it in one, you will deny it in all 10 provinces) the opportunity to get a better deal on old-age pensions.

I am prepared to reserve, for now, my decision as to the relative merits of the indirect form of taxation. I have some views on them, but I think they are irrelevant for the purpose of this discussion. I say, Mr. Speaker, that what we are doing is making it possible for those provinces which want this form of taxation, which need this form of taxation, to occupy this field, and since this does not impose a burden upon the people of Saskatchewan, since it does not imply that we are going to have that form of taxation in this province, since it only implies that the Federal Government may come through with the conditional promises which they have made, then I cannot find a valid reason for voting against the resolution at this time.

Mr. J.E. McCormack (Souris-Estevan): — Mr. Speaker, I think we have probably just had an indication that there is not going to be an election this year, because the member from Hanley said that he would have an opportunity at some further sitting in the Legislature to vote against this.

I was rather surprised at some of his remarks, because he seemed to repudiate what the Premier had said in introducing this resolution. Now I would like to point out to the hon. member, in particular, that there is nothing to stop any other province from putting in the same sales tax that they have in the province of Saskatchewan, directly. They do not have to pass this resolution or have this constitutional amendment to raise money. They have exactly the same opportunity that the Government in this province had, and it is rather surprising to hear some members, like my very good friend from Swift Current, standing up and supporting the principle of this resolution. You will remember, Mr. Speaker, the hon. gentlemen on the other side ran around this country, in 1944 and prior to that, talking about a 'stinking tax' and a few things like that; they said that they were going to take it off. The hon. member for Swift Current, last year, when they increased the present Hospitalization and Education Tax, referred to it as an "imposition". He said the Bill said it was the imposition, and he said it certainly was an imposition. I am rather surprised, also, that the Provincial Treasurer would stand up and say that he had not investigated any of the avenues of how this tax was going to be collected. From your experience, Mr. Speaker, and that of the rest of us in this House, I am quite sure that the Provincial Treasurer has investigated all the avenues of how this particular tax could be collected, and I do not know why he would not really stand up and say that. I am quite sure that his Department has made extensive investigations into all sorts and forms of taxation, and, particularly where there is a constitutional amendment like this proposed, he would certainly investigate it to find out what the revenue or the estimated revenue would be, and the practicability of putting it into effect.

Now, my own opinion is that it is a nice way for the present government to wiggle out (if they can get this thing through) and put this present 3 per cent direct tax underground. I am quite sure that the gentlemen opposite, when they went to these conferences in Ottawa, as the member for Arm River said, "spearheaded" this thing. I would just like to read you from the proceedings of the conference of the Federal and Provincial Governments, second meeting, Tuesday, December 5. This is from the remarks of the hon. Premier — the Hon. T.C. Douglas, Premier of Saskatchewan, December 5, 1950. In his opening remarks that morning — he had been speaking the night before — he said:

"I was saying, also, that we would advocate again, as we have done at previous conferences, that there should be a constitutional amendment to make it possible for those provinces which desire to do so, to levy a sales tax on an indirect basis."

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Now, it is quite obvious that he, at least, was in the vanguard of the people who wanted to put this tax on. The thing that bothers me the most about it is the principle. At the present time we have the Federal Government making grants to the provinces — these subsidies which have increased substantially in the last few years. We are up to about \$17 million now and, if I am correct, it will be about \$22 million for the next year, and I think it is a bad principle to establish that we are possibly giving the Dominion Government an opportunity to say, “Well here now, we have opened up these tax fields to you, and we do not see why we should keep continually increasing this subsidy”.

That is the main reason why I do not feel, with the limited explanation that we have had as to what revenue this will give, and whether or not it is the intention of the Government to consider putting on this tax in addition to or in substitution for the present Education and Hospitalization Tax, that I can support it.

Mr. W.T. Lofts (Meadow Lake): — Mr. Speaker, I would like to ask the Provincial Treasurer, if he won't mind answering this, presuming this tax goes over. Presuming there is a tractor that sells at the factory for, say, \$2,350 — that is the factory price; there is \$150 freight on it, that brings it up to \$2,500: how would they invoice this tractor out if this thing goes over? \$2,350 at the factory, \$150 freight, that is \$2,500: how are we going to count the \$75? That would be 3 per cent if that goes over. We can take the same thing with a truck now, which farmers buy: at the factory \$2,350, \$150 freight, making \$2,500, and we already have, with the Education and Hospital Tax, \$75 tax, which brings it up to \$2,575, add another 3 per cent and that is another \$77.25 which will bring that particular vehicle up to about \$2,665. How are we going to invoice this stuff out? I would like to know that, if this tax does go over. I would like to ask the Provincial Treasurer that. I am in this business and my customers want to know that.

Hon. Mr. Fines: — We are not asking you to levy a tax here.

Mr. Lofts: — Well, it is going to be there if this goes through and how are we going to invoice it out?

Premier Douglas: — You have no assurance that it is going to be there.

Hon. Mr. Fines: — We are doing this for the six Liberal governments in the east.

Mr. J.G. Egnatoff (Melfort): — Like the hon. member for Hanley I did not intend to take part in the debate on this particular resolution, but certainly not for the same reason I cannot for the life of me understand any hon. member getting up in this House and saying, in effect, “I am opposed to indirect taxation, but I am going to vote for it”, and that is precisely what the hon. member for Hanley did here, this evening. He proceeded to tell us why he was opposed to

indirect taxation, and then he indicated his intention to vote for the principle of endorsing it.

Hon. Mr. Sturdy: — (Interruption)

Mr. Egnatoff: — Now, Mr. Speaker, I cannot conscientiously support the resolution for this reason . . . I thought the Minister of Social Welfare (Mr. Sturdy) had been slapped down sufficiently in this House on numerous occasions to prevent him from expressing any further gripes. Well, Mr. Speaker, if you are sure that you will take care of the hon. Minister of Social Welfare I shall proceed. I am very glad that you assured me of that because somebody certainly does need to take care of the hon. gentleman.

Now, the present Government, it appears to me, could very well use this new avenue of taxation, simply to augment its present sources of revenue, and I believe that therein lies the greatest danger of this Legislature endorsing this particular resolution. It seems to me that when the Premier spearheaded this idea at the Federal-Provincial conference, he implied, in his remarks, that his Government would do that very thing, and if . . .

Premier Douglas: — Will the hon. member read where I implied that we would . . .

Mr. Egnatoff: — Certainly. Just hold your shirt on a minute, Mr. Premier. I will read where you implied it, and then I will ask you to assure this Legislature that the implication is not there. I am reading from this report, dated Tuesday, December 5, 1950:

“I was saying also, that we would advocate again, as we have done at previous conferences, that there should be a constitutional amendment to make it possible for those provinces which desire to do so, to levy a sales tax on an indirect basis.”

Then he goes on to say:

“I do not see how any province can object to such an amendment. Those which have no desire to levy a sales tax need not do so, and it would not interfere in any way with their prerogatives, but it would certainly facilitate the collection of such a tax by those provinces which have to resort to that means of raising revenue because of the particular problems with which they have to grapple.”

Now I want to ask the hon. Premier if he did not imply, in that statement of his at that conference, that his Government now finds itself in a position where it has to resort to this new field of provincial taxation to grapple with the problems with which his Government has to grapple.

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I do not think that the Province of Saskatchewan needs any new sources of revenue. As has already been pointed out, tonight, the Federal subsidies to this province have been increased, during the past few years, from \$7 million to \$17 million, to enable this Province to carry out some of the services that the Government is undertaking. Now, I want to ask the Premier this question, and I hope he will deal with it fully. If the Government does not intend to make use of this indirect sales tax, why is it so extremely anxious to have the right to impose the indirect sales Tax?

I would in closing like to appeal to the members on the other side of the House, on this particular occasion: let us all vote according to the dictates of our own consciences. Let us not just be a group of sheep following a leader. If the hon. member for Hanley opposes the idea of an indirect sales tax, then I think he should be honourable enough to vote against this resolution. That is my appeal, in conclusion, to the hon. members on the other side.

Mr. A. Howe (Kelvington): — Mr. Speaker, I am like so many others who had not intended to speak, but I feel that I would like to make my position clear. It seems to me that most of the discussion has been very much out of order. I take it, Mr. Speaker, that we are dealing with a constitutional amendment which every province in Canada can make use of if they wish, and that every province in Canada must approve of before any province can use it. That is my impression.

Now, the member for Melfort thought it would be peculiar if people who did not like this tax could turn around and vote for a principle of indirect taxation. Well now, I just want to make my position clear on that point, and I think it is something that we should all think about a little more than we do. Canada is a very vast country, made up of 10 different provinces that have varied conditions under which people live and carry on. Some provinces are very wealthy; some provinces, unfortunately, are very poor, and it has been felt, over the years, that the present constitution is inadequate. Many good speeches have been made on the inadequacy of the constitution of Canada to serve the best interests of the provinces in this Dominion, so that they can share or fit better into their place in confederation.

Now, too often, I think, when we discuss a question like this, we discuss it entirely on the basis on which it is affecting us in any particular province, and forgetting about the affects our decisions may have on other provinces of Canada. I want to say, Mr. Speaker, that there may be many provisions in the constitution that we would use and could use, yet we do not use them because we do not need to; but again there are other provinces which may benefit very greatly by the use of certain provisions in the constitution. So, even though any province may not want to use this indirect taxation, don't you think that we are under a certain obligation to the other provinces who may want to use this means to help them get something for themselves, even though we do not want to use it? I think we are forgetting about that angle too often when we

talk about national affairs; and when we talk about our constitution. Too often we get so wrapped up in our petty politics that we forget about our responsibilities in Saskatchewan towards the rest of the provinces in this Dominion of Canada.

I want to say, now, that the reason I am going to vote for this motion is certainly not because I believe in indirect taxation, but if I could make some contribution by making a decision in the province of Saskatchewan towards the amendment of the constitution of Canada that would better some of the other provinces in Canada, I would feel that it was my duty to do so. For that reason I am going to vote for it, Mr. Speaker.

Mr. Speaker: — The mover is about to exercise his privilege of closing the debate, and if any member wishes to say anything, he must do so now.

Premier Douglas (closing): — Mr. Speaker, before I make any remarks in closing the debate, I should like to clarify this matter of the wording. In the quotation marks there are two typographical errors; and may I say that we have been getting various drafts of this thing back and forth from the Minister of Justice at Ottawa. I have passed some copies around and if the members feel that they want more time to consider it, we can adjourn the debate and give them time to consider the new copy. But it does not change the sense, and the part within the quotation marks will read:

“Indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province, and not so as to discriminate between sellers or classes of sellers of the same class of goods”

That is how it will read with the change, and the important change, of course, is that we are adding these words:

“and authorizes the Lieutenant Governor in Council to approve the amendment in the above words or to approve any amended wording suggested by the Government of Canada which provides for indirect taxation within the province”.

Mr. Speaker: — Have we got the agreement of the Chamber to substitute? Is that agreed?

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Premier Douglas: — Mr. Speaker, I never expected to have the privilege of trying to persuade the Liberal members of the Opposition to support the Liberal Government at Ottawa and six Liberal governments across Canada. That is an entirely new experience for me, and I had really thought that, with the Federal Government submitting this proposed constitutional amendment and six provincial Liberal governments all having indicated their support of it, the hon. gentlemen opposite would be rushing to the colours and saying that they were in favour of this very forward and progressive step which the Federal Government at long last had taken. Instead of that, of course, they have chosen to take a different path.

I want to deal with one or two of the things they have said and one or two of the questions they have asked. The hon. member for Turtleford wanted some clarification regarding whether this tax will replace the present direct sales tax, or whether this tax would be in addition to it. Now the hon. member, I think, knows that a statement was issued, when this matter was raised at Ottawa, by the Government, through the Attorney General, making it perfectly clear at the time that, if these powers were given to the provinces and if the Saskatchewan Government ever decided to exercise this power, it would be to replace the present Hospital and Education Tax and not to augment it. That was made abundantly clear at the time. It did not say that we would use these powers; but that, if we did use them, these powers would be used simply to have a more convenient method of collecting the tax, rather than adding an additional tax.

As the Provincial Treasurer has pointed out, one of the main reasons why I have raised this matter at frequent Federal-Provincial Conferences was not because I am particularly interested in an indirect sales tax rather than a direct sales tax, but because year after year retail merchants have come to us with all the difficulties that they have keeping track of individual accounts and how much more convenient it would be if they could simply take a tax on their gross sales on taxable commodities.

The member for Arm River said a while ago, that if it were taken to a vote, the people would be unanimously against it; he may be right, or he may be wrong. I know this. I have been in scores of general stores ever since the tax was imposed by the Liberal Government, back in 1938, and I have had many people say, “We do not object to the tax, but we object to the constantly getting coppers out, constantly trying to find which items are taxable and which items are not taxable”, and that if this thing was worked into the price by the merchant, they would have no objections. So I do not know whether there would be much objection to it or not.

As I said, this afternoon, and I want to repeat it — I do not want any misunderstanding, as far as we are concerned; while we are prepared to support this constitutional amendment, whether or not we use the power of indirect taxation, whether or not we collect our present direct tax indirectly, will be determined, in my opinion, solely by

whether or not the merchants who collect the tax and the consumers who pay the tax thought that this would be a more convenient method of handling it than the method which we now have.

Now, all this talk, Mr. Speaker, about the fact that if 3 per cent tax paid indirectly, is greatly different from a 3 per cent tax paid directly, is in my opinion sheer evasion. The member for Arm River says, "Why, with an indirect tax, you will pay it on the commission, you will pay it on the profits, you will pay it on the freight". You are paying it on all those now. When I go in to buy a pair of shoes, if the pair of shoes is \$10 I pay a 3 per cent tax.

Hon. Member: — They would be more than \$10.

Premier Douglas: — I know they are a lot more than \$10; but assuming they are \$10 — I have to use even figures and maybe I can do arithmetic; but I have to pay 3 per cent on the \$10. Now, that is a direct tax. If the merchant has to charge 3 per cent on his turn-over, on the shoes sold, he simply puts it in the price, and the shoes cost me \$10.30 — in both cases I pay the tax on the ultimate price to me. In that price there is included, as everyone knows, the profit, the commission, the transportation and everything else. There is no difference in principle; no difference at all, except that instead of the merchant having to keep an individual account of my pair of shoes and every other fellow's pair of shoes and how much tax there is in each individual case, he would simply take the sum total of all his sales and say, 3 per cent on the total; and, as the Provincial Treasurer has pointed out, if you take it on the gross, the chances are the gross revenue would actually be less than the revenue which is received from a direct tax.

The question has been asked: "If we don't need the money from this indirect tax, why do we bother with it?" I think it was the member for Saltcoats who made that observation. If we don't need the money from this tax, why bother with it? Because, as I have pointed out, if we were to avail ourselves of this power it would not increase our revenue — it might decrease it if anything. Therefore, he said, "Why then, why bother with it?" Mr. Speaker, that is surely a pretty selfish attitude. At the present time there are seven provinces who have signified their agreement with this proposed constitutional amendment. One province has gone even further and asked not only for this but the right to tax services — garage services, electric power, laundry services and so on; but they are also checking, so that makes eight. Another province has asked that it be raised to four per cent, but, of course, they will accept this, and that makes nine. The only province to my knowledge — and this is the last word which I have from the Minister of Justice, which is only a week old; the only province which has indicated what it will not do is Quebec, and Mr. Duplessis has said that he and his colleagues will check and carefully study these proposals. But nine provinces have now indicated they are willing to agree to this constitutional amendment.

It is all very well for the member from Turtleford to quote what Mr. Hamilton as the Conservative Leader in the province says, or quote whatever someone also says; but the fact remains that the Province of Ontario with a Conservative Government says they are prepared to agree

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to this amendment. I do not know if they are going to use this power or not, but they have said they are willing to agree. The Province of British Columbia — their Premier said, the other day, they may not be prepared to use it but they were not going to stop anyone else from using it. Alberta and Manitoba said as I said, and all the Maritime Provinces, and Newfoundland has already made a statement that they intend to use the power. This is dated March 14 in the "Leader-Post", and Newfoundland has become the second province to commit itself to an indirect sales tax, a measure which will require a constitutional amendment before it can be put into effect. They go on to give the reasons why they will avail themselves of this new form of taxation.

Now, for someone to say that because we would not get any more revenue out of it, we should block other people from using this method of taxation, seems to me to be taking a pretty selfish attitude, because there were provinces, Mr. Speaker, at Federal-Provincial Conferences who made it abundantly clear that, if the Federal Government passed legislation providing pensions for people 65 to 69, with the province required to pay fifty per cent, they just could not pay that fifty per cent unless they got some new source of revenue. That was not our case, because I already pointed out that we have our sales tax earmarked for education and hospital, so that it could not be used for old age; but there were provinces who said they could not pay that fifty per cent unless they could get another source of revenue. I agree that some said they could put on a direct tax, but they did not want to put on a direct tax.

Now, Mr. Speaker, I for one am not going to take the responsibility of standing up in this Chamber and voting against a constitutional power of indirect taxation in order to get pensions to people from 65 to 70. If my hon. friends want to accept that responsibility; if they want to accept the responsibility this may be the only Chamber in Canada which will veto the passing of the constitutional amendment, then they will have to accept that responsibility. The member from Last Mountain said he did not think he had ever seen a resolution passed by the Government side to which there was such a lack of enthusiasm. I agree. I have no strong feelings about the passing of this motion one way or another so far as Saskatchewan is concerned. If this Legislature chose to throw it out the window, I would go home tonight and not lose a wink of sleep. But as we do not feel it would be any gain one way or another for us. I say, however, we are not prepared to use the power of veto, which it would virtually be, as the Federal Government has said they want unanimous consent to proceed with this constitutional amendment, as they wanted with the other. Then the members of this House will have to decide whether this Legislature may be the one Legislature in Canada that would prevent this constitutional amendment from going into effect.

I do not know if I need to deal with some of the other questions which were raised. The member from Turtleford asked how would we work out the exemptions. Well, we are not imposing a tax now, but it seems that it is no more difficult to work out the exemptions when it is on gross turnover than when it is on each individual article. Of course my friend knows

more about storekeeping than I do, and I am quick to acknowledge that, but it seems that it is not difficult to take the gross amount of taxable goods you have sold in any month, or any three-month period, and I cannot see there would be any difficulty at all in levying a tax as long as you know what your taxable goods are. As for the statement it would discriminate against goods coming into the province, that is exactly why the Government of Canada has put a clause in there that you cannot discriminate against goods coming into Canada; that you cannot levy this tax on goods coming into the province and have the goods in the province, or produced in the province, tax free. It cannot be used as a provincial trade barrier or tariff barrier, and that is clearly indicated.

There has been a good deal of talk about dishonest politics, quoting from the "Star-Phoenix" — "the menace of hidden taxes". Well, Mr. Speaker, everyone has been making their confession of faith about taxes. I want to say that, as far as I am concerned, if I were setting up a fiscal structure for this country, I would hope you would not need any sales tax, direct or indirect. I would hope that this country could be financed some day, as I believe it will be some day financed, entirely on the basis of ability to pay, entirely on the basis of income tax, corporation tax, excess profits tax and inheritance tax from great estates. We should be getting the money from those who have and not from those who have not. But I have not heard the hon. gentlemen opposite complaining about an eight per cent sales tax which is collected on the manufacturers' level and which one member of Parliament in Ottawa said was eleven and one-half per cent by the time it got to the consumer. No complaint about that — or the excise tax, or the duties which are imposed on the goods coming into this country, nor on all those taxes which fall the most heavily on the consumer.

I do hope that some day we will not have any kind of sales tax. I do submit, Mr. Speaker, if we do have to have a sales tax, and since the amount of the sales tax is limited to three per cent, it makes no difference to the consumer if he pays that three per cent directly in pennies on each individual item or whether he pays the three per cent in the price of the taxable commodity which he buys.

The member from North Battleford asked me a question. He asked me if it would not be considered that the support of this motion would not imply we would be bound later to support an indirect tax if the Provincial Government decided to exercise these powers. Well, I do not think so. The Government of Canada has said they are prepared to share the indirect field with some of the provinces, and some of the provinces have said they would like to exercise the right to use that field. It seems to me therefore, we are perfectly within our rights to say, "You want this tax field, and you two are agreeable, all right, you can have the field", without committing ourselves to saying we are going to use the field.

Now, I am not committing ourselves that we are going to use the field or not going to use the field. I made my position perfectly clear a short time ago in answer to the member from Melfort. We are collecting a direct tax now. As far as the Government is concerned, the only time we would consider switching this to an indirect tax would be if the consumers

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in the province (who pay the tax) and the merchants (who collect it) indicated to us that this would be a more convenient form of handling the tax. It seems to me that you are not committed merely because we agree the Federal and Provincial Governments should share this field of indirect taxation. If indirect taxation is such a wicked and vicious thing, how can it just be wicked if the Provincial Government is in the field but all right if the Federal Government is in the field? Either all governments should get out of the field of indirect taxation or there cannot be any harm in sharing it, especially in sharing it with one Government collecting about four times as much as the other Government in that particular field: three per cent in one case limited, and in the other case eight per cent which works out close to twelve per cent when you pay it and with no ceiling on it at all.

The other points which the member for The Battlefords raised (and I think it is a very thoughtful question) was whether or not it would weaken our position in dealing with the Federal Government, in that the Federal Government may take the position that "Now you have got this field of revenue, therefore we will feel relieved of the responsibility of doing some of the things which we ought to do by way of tax agreements, and assuming certain responsibilities." Well, I think the hon. member put his finger on a weak spot. I think there is a danger, but I submit, on the other hand, that some of these provinces who want this tax deal would have a great deal of difficulty going to Ottawa and saying to the Federal Government, "We need money for this and for that" if Ottawa can turn around and say, "We offered you a field of tax revenue and you turned it down." I have not as low an opinion of the Federal Government as some of the gentlemen opposite have. I do not think they are going to be quite as devious as has been suggested.

As a matter of fact, Mr. Speaker, may I say one other thing. The member from Melfort quoted from what I had said in the Conference speaking on the second day of the meeting, speaking on Tuesday, December 5, and there is no place there where I said this Government was committed, nor was there any implication that we were committed, to collecting an indirect sales tax. May I quote exactly what I said so there will be no misunderstanding. I was taking up the debate, the next morning, from where I had discontinued the night before, and I was saying that we would advocate again, as we had done at previous Conferences, that there should be a constitutional amendment to make it possible for those provinces, who desired to do so, to levy a sales tax on an indirect basis. I did not say that was Saskatchewan. I said, I did not know how any a province could object to such an amendment. Those who had no desire to levy a sales tax need not do so. It would not interfere in any way with the prerogatives, but it would certainly facilitate the collection of such a tax by those provinces which would have to resort to that means of raising revenue because of the particular problems with which they had to grapple. No statement there that if such a power were given, the Saskatchewan Government intended to exercise and use such a thing.

As a matter of fact, Mr. Speaker, after listening to the objections raised by my hon. friends it seems to me there is a good bit of a smoke-screen being thrown up. The member for Turtleford even went so far as to say that such a tax would cause inflation. I do not know how

you could cause inflation by taking money out of circulation through taxes. I always thought that taxes were used to prevent inflation. Certainly, Mr. Ilsley thought so during the war, and Mr. Abbott may think so when he brings down his budget next week. I do not see what in earth it has to do with inflation. I do not see what difference it will make whether you are paying three per cent directly or indirectly insofar as inflation is concerned.

No, Mr. Speaker, I think that every once in a while my friends' slips were showing. My friend from Turtleford let it out of the bag when he said that politically it would be more expedient to have an indirect tax. If you were buying a washing machine three per cent, directly, would seem like a lot of money, but if it were in the price you would not notice it so badly and people would not be so mad at the Government. My hon. friends must insist that the people stay mad at the Government, and it is their main job to keep them mad at the Government. Some of the other members said this is just a scheme to put the tax underground. They say, "Hear, hear!" They are not arguing against the economic side; not saying the indirect sales tax of three per cent is any different than the direct sales tax of three per cent; but let us get it underground.

Mr. Speaker, now we really see the reason for opposing this motion. They are afraid that an indirect tax may not be as politically embarrassing, and in order to embarrass this Government they are prepared to embarrass every other provincial government in Canada by vetoing a constitutional amendment. The member from Melfort gets up and says, "let us vote as honourable men"; and here they are prepared to sabotage Confederation for the sake of political advantage. Here they are prepared to play fast and loose with the welfare of even other provincial Liberal Governments, prepared to play fast and loose with people getting old-age pensions from ages 65 to 70 in other provinces, because they think it might give them a little political advantage in the hustings. Those are tactics which will not commend themselves either to the people of Saskatchewan or of other parts of Canada, and the Liberal Party which once talked a great deal about national unity, talked a great deal about thinking of the Canadian people as a whole, will now be recognized throughout this country as having sunk to the place of being parochial partisan politicians.

Mr. McCormack: — May I ask the Premier a question? Would you tell me the political stripe of the political parties opposing this in B.C. and Manitoba?

Premier Douglas: — I have not kept track of what the various political parties are doing, but my hon. friend took part in this debate a short time ago and he had an excellent opportunity to give this legislature the full advantage of his wide knowledge on the subject.

Mr. McCormack: — I am sorry I did not.

Mr. Tucker: — He made an awful condemnation of them.

Mr. Speaker: — Order!

The question being put on the motion, it was agreed to by 25 votes against 15.

The Assembly adjourned at 11 o'clock p.m. without question put.