THESE ARE THE FACTS

of the Dominion-Provincial Conference on the Sirois Report

IT IS PARTICULARLY IMPORTANT at this critical phase of our national life that the people of the Province of Ontagio should be given the facts and allowed to base their considerations and judgment on them.

There is very little doubt that in many instances opinions have been based on speculation, propaganda and rumor.

The statements given herewith are taken from the Official Reports of the Conference as published by the Dominion Government.

"Mr. Prime Minister and gentlemen, during this time of stress and strain and ruthless warfare I have never publicly criticised the Sirois report or its recommendations. I did make a statement about the timing publication of the report because I believed then, and still believe, and am joined in this belief by many persons, that I did a public service in calling attention to the act of throwing into the arena of discussion a highly contentions document at a time when people who love the Empire and all it stands for are concerned with one thing, and one thing alone the successful prosecution of a victorious war in which our national security is at stake. For if our effort fails, Hitler, and not the delegates present at this dominion-provincial conference, will settle our domestic problems.

In this regard the policy of the government of Ontario has not changed in any particular. Those of us who represent the central province have been consistent in our attitude.

Some while ago a former associate of mine in the House of Commons, my good friend the Minister of Finance, journeyed to Toronto, at which time he dissussed with Mr. Nixon, Mr. McQuesten, Mr. Walters and myself the advisability of implementing the recom-mendations of the Sirois report. Along with my colleagues present, I urged—yes, almost begged him to use his influence to prevent this becoming a national issue during war time. I am satisfied he conveyed my measage to the Prime Minister. I was, therefore, somewhat perplaced when, a few days later, I received a letter from the Prime Minister of Canada advising that a conference would be called and that the federal government was, in effect, recommending favourable consideratten of the commission findings. Again, in order to maintain our consistency, I replied as follows: 'I have your letter of November 2nd, regarding the

was hopeful that a discussion of this problem be no possibility of any controversial issue arising dominion government that the Ontario tax should be developing today? prosecution of the war.

'However, in view of the fact that a conference is to be called it is the intention of this government to make mitted by all, and due credit being given by all taxavailable its representatives any time that may be re- payers affected. quired after the middle of January, as suggested by

Later still, on December 28, 1940, the Prime Minleter in a letter stated in part:

'In view of requests from several of the provinces, a proposed agends which we will recommend to the conference has been worked out and is outlined below." recommendations, I therefore am free to suggest that further consideration be given to the following sentences all the old rates under the Demission Income Tax Act Not having been asked for, nor having made any in the letter in question :

I should like to emphasize the view of the govern-ment that the opening session should be confined to general statements and not to debate on points of detail

Public Should Be Informed. The following paragraph of the letter informs us that

or special circumstances."

committees, which will sit in camera. The Ontario delegates desire that we state our case scheme which withholds from the press and the public | tinue to do so. vital information to which they are justly entitled. We were not informed nor consulted with regard to passed by the dominion cabinet which gave life to the | revenue.

When Ontario's presentation was made we asked for nothing. When the findings were agreed upon by the commissioners. Ontario had no representative, Mr. Rowell having long before retired because of ill health. But later on we were presented with a costly five hunef three professors and a Winnipeg newspaper man. experience, and whose opinions all of us cannot share. In view of the fact that, in the report itself, it is

name, which has been tagged on for purposes of propaganda, can very well be omitted in future. Those of us who believe in democracy abhor the very word propaganda because the circulation of readymade opinions by any centrally-controlled power is the most dangerous enemy of civilization. From this perspective we are the evil working of such a vicious system in Europe, leaving in its wake misery and dominion-created heard.

stated that Mr. Rowell had nothing to do with it his

suffering which shakes one's faith in humanity itself. Can Provinces and Dominion Both Win? Let us guard carefully for fear a similar frankenstein does not appear in our midst. In the first flush of public reaction the propaganda machine made it appear that to implement this document would make matter, any other province, with competition for with nothing else, they are waging a winning fight the provinces richer and, at the same time, make the revenue in fields that do not exclusively belong to the dominion richer by the simple process of transferring provinces, or with any lack of cooperation whatsoever. freedom lives. They have no other concern. debts and revenues to the central government.

Inasmuch as there are only two parties to the deal, aurely one need only to have an elementary knowledge of economics to appreciate the fact that both cannot win. Unless there are transferred with the debts suffclent existing provincial revenues, the dominion will bave to increase taxes or debt or probably both. This does, however, offer an opportunity to explore every possibility of reducing all governmental costs in Canada and, to this end, Ontario is prepared to cooperate to the limit at the right time. That is a domestic problem to which we can devote time and effort as a post-war problem, and much better be it so too, because the from the federal government. Anancial problems of to day may have very little relationship with those of a year hence.

I am convinced that the commissioners were gonu-Insty sincers, and others also, when mouths ago they stated that by assuming the cost of employables on relief the dominion would render a financial favour to the | while insinuations are broadcast deliberately for the provinces and the municipalities. But anyone who mays so to-day, if conversant with the true facts, is

guilty of unadulterated 'humbug'. Unemployables Major Problem

Hon. Mr. Howe said some while ago that, since the report was written, more than half the employables have secured jobs and that the other half would be absorbed in industry during this year. I believe Mr. Howe: In fact, if we are going full out in this war effort, it is a reflection on the government not to put to work immediately the physically fit adult males of all national unity and confidence. Canada. But the end of employable relief problems does not by any means solve the issue. There is still left the army of unemployables, who to day make up the vast burden of relief and, generally speaking, will con-

Under present arrangements, the dominion contri butes forty per cent. towards the cost of food, clothing and shelter. If this report is adopted in its entirety, the ominion will contribute nothing and its former share will have to be borne by the provinces and municipalties after revenues, out of which these costs were formerly met, have been surrendered to the dominion. am sure the schual working out of the system is quite different from that anticipated. When the report was written, on page 25, Book II, it is said that the taxes left to the provinces are more stable. In Ontario, we shall have left the profits from the Liquer Centrol Board sparations, vehicle lisences and guardine tax.

shready been requested and, if my memory serves me servesty, the Minister of War Services stated, and guite property so, that the federal government has the power to esact such a measure.

the extent of our loss of revenue or pay for the taxpayers provide nearly half the dominion reven many and varied in this age of growing paternalism. provided." When the Prime Minister addressed to me on November 2nd, 1940, a letter with reference to this proposed conference, he said in part:

While the cost of unemployment relief has been reduced, the war has cast additional burdens on governments and taxpayers alike. It has inevitably increased the competition between governments to secure revenues, and has aggravated the overlapping, cumbersome and discriminatory character of much of our tax

Ontario Co-operates on Income Tax

I take this opportunity of referring to the actions of the government of the province of Ontario with respect to the Income Tax Act of Ontario. Perhaps I should explain that the Income Tax Act of Ontario differs to federal income tax. respect—that we allow as a deduction from the income for such action that they may aggravate that suspicion of the Ontario taxpayer the amount of tax paid to the and destroy completely public confidence in governdominion government under the Income War Tax Act | ments. before we impose our own tax.

Is that interfering or competing with the dominion, especially as it has been admitted by former ministers of finance of Canada that for the dominion to levy an income tax at all is to invade provincial fields of taxation !

position to the dominion. Furthermore, let me state that the province of Ontario was the first province in Canada to arrange with the dominion to save the cost tax revenues. We failed, and the very ones we tried to be left in exactly the same position in which they now of collection of the income tax and the economic waste her were as anxious as anyone else to have us retrace are. Indeed, they can continue to borrow upon their could be delayed until after the war so that there could of time of taxpayers; Ontario arranged with the our steps. Is not a similar situation, on a larger scale own credit. In addition, they are given a new and which might impair national unity and the effective | collected by the same dominion officers and at the same time as the dominion tax is collected.

> payers to be subject to the Ontario tax. The province of | with certain sections of society. Ontario agreed to absorb this loss in revenue.

That is not competition. That is cooperation, ad

Ontario Suffers Revenue Loss

were repealed and in their places newer and higher rates were enected, and at the same time, exemptions were cut. These changes were applicable to the incomes of 1939. Besides these changes in rates, the new National Defence Tax was enacted applicable to incomes sarned from July 1st, 1940. The effect of these added imposts was to seriously reduce the revenues of the the conference will then resolve itself into working two million dollars.

We have turned over the Elgin Hospital a seven million dollar institution-and many other provincial

We have curtailed our capital expenditures and have delayed necessary works-works that would have the terms of reference contained in the order in council | been profitable and would have yielded additional Then, too, in an effort to encourage the incoming of

American tourists who will bring with them much needed American dollars, so necessary to enable the of national vandalism. dominion to save exchange and prosecute the war, the province of Untario bas undertaken to expend on publicity and advertising for tourists this year the sum of three hundred thousand dollars. That, according to gates to thousands, yes millions, of European homeless would be adverse, since in some degree provincial naofficials of the dominion government, is cooperation, and destitute. If this eventuates, the British North ances would have improved at the expense of those of not competition.

And in respect to the Corporations Tax, it will be cess of assimilation is completed. within the memory of the representatives of the various provinces here that the authorities of the dominion London with a document in his hand and have him proved but the reverse, it does not seem logical to suggovernment have appointed a heard to be presided over step into the Hall of Westminster and ask the Brilish great that the implementation of this recommendation by the Hon. Charles P. McTague, Justice of the Supreme Court of Ontario, which board has been formed to determine the amount of obsolescence and depreciato debate the question of a new constitution for implementation of the plan will be a burden on the
tion that may be allowed taxpayers as a write-off against Canada! tion that may be allowed taxpayers as a write-off against Canada! government of the province of Ontario has announced that it will accept without question the findings of this the citizenry men, women, boys and girls with their in the setting up of the new organization as proposed

Ontario Not Competing

On the other side of the picture, even although the

organization of Resources Committee, patterned after the one that functioned so effectively in the last war, was set up by our Ontario legislature-and by unanimous vote-the nucleus, with power to add, consisting of His Honour Lieutenant Governor Matthews, Colonel Drew and myself-and even although well over a year ago we journeyed to Ottawa and personally pledged, on behalf of the organization, the fullest mea-

that, because of our attitude, we will remain silent purpose of branding us as unpatriotic, unneighbourly with our sister provinces, or guilty of doing anything to block Canada in achieving our maximum war effort. then I say to them. 'We shall defend ourselves from that kind of attack here, on the floor of the legislature, and on the public platform

Here I avail myself of the opportunity of warning the purely financial press and others that they have overplayed their hands by attempting to clock this exigencies of war would do irreparable damage to both lifes of the classes indicated in the report to the central regarding this sinister propagands. In that British

I desire to quote one authority as a case in point.

provincial responsibilities. That was the then friendly policy of that paper.

January 11, 1941 ! I quote:

are holders of provincial bonds support a project which would place the credit of the deminion behind provincial securities whose market value has greatly de-teriorated. A Teronto broker has estimated that adop-tion of the report might add as much as \$20,000,000, \$40,000,000 and \$60,000,000 to the value of the bends

with a tiln cup in our hands saying-'either contribute | stands now at a much higher figure. Ontario's federal social services of Ontario'-and, believe me, they are out of which this gift to the bondholders would be

That shows the changing opinion of that great publication. Why! Because that and other newspapers, sensing public opinion, are reflecting the growing suspicion of the awakening public mind. As a political observer I say that there is a fast developing body of opinion, not without cause, now promoting the idea that it should be expected first to obtain the approval that behind this untimely move, ostensibly as a war of such National Pinance Commission. We feel satisfied measure, is a well-cooked, neferious deal to make good | that we shall have no difficulty in obtaining the approval the lesses in depreciation of certain bonds held largely of such a body in all cases where our application merits by financial houses, to collect unpaid interest on Alberta such approval. If a case comes up in which such apbonds and to cause a sharp appreciation in bonds of proval is withheld, that will not prevent us if we certain provinces, which bonds were, because of cir. | think the object is a worthy one from borrowing upon cumstances beyond the control of the respective pro- our own credit. It has been suggested that such vincial treasurers, actually sold at much less than par, | borrowing upon provincial credit alone will be imalthough the coupen rate was abnormally high. This possible if the commission's recommendations are possible buge capital appreciation is not even subject, made effective. We do not agree. Any prevince which

from the acts of most of the other provinces in this I solemnly warn those who are obviously pressing

Canada Must Be United

Now I come to a subject of even greater importance -national unity. We have it to-day. All Canada is behind the prosecution of the war. We are a united people. We need be. We have a common foe in the because then they can borrow in proper cases upon To make such an allowance as I have set out is not dictators. I happen to know something about religious the credit of Canada. competing with the dominion; it is taking a secondary and racial issues. I can speak feelingly on this subject. We tried, as a government, to remedy a simple obvious injustice and inequality with regard to school the matter of future borrowing, the provinces are to

Already there are rumblings that Quebec is getting of borrowing upon the credit of Canada." preferred treatment. I know that, to some extent, there are extenuating circumstances. But the fact remains HON. T. D. PATULLO, PRIME MINISTER OF that Quebec is being relieved of some of her municipal Further, the dominion government on September receive an eight million dollar yearly irreducible sub-13th, 1939, added a surtax of 20 per cent. applicable to sidy, while others including Ontario, are not to receive income of 1939 and subsequent periods. This meant a a cent. Again there are extenuating circumstances. lesser amount of income left in the hands of the tax. But explanations do not always explain such cases capacity of our people can be amplified by wise mone-

The Toronto Telegram is a powerful newspaper and reflects the opidions of many citizens of Ontario who | implement the recommendations of the commission suchave a great respect for its considered opinions. The | confully in order to prosecute the war. The govern-Toronto Telegram has dealt with this aspect of the ment of British Columbia disagrees with this view. I report with great effect. I shall not quote from its am sorry that the winning of the war has been used as editorials—that is not necessary. All I can say is not an argument to fasten permanently upon the provinces to underestimate the power of the press in this regard. and the Dominion of Canada a change in dominion-This new issue being developed presents a challenge provincial relations which I firmly believe will work to those of us who believe in national unity. To blind to the injury and not to the benefit of the dominion ourselves to the obvious is not fair to Canada, not fair | and the provinces of which it is composed. to our neighbouring province of Quebec, especially when by this deal, according to the best constitutional province of Ontario, and it is estimated that for the advice I can get. Quebec and the rest of us will have fiscal year which begins on April 1, 1941, the province of Ontario will suffer a loss of revenue of upwards of and privileges granted by the British North America Act. I say that so long as my colleagues and I have long as there is a British North America Act in its publicly and briefly and at no time be a party to a properties, without payment or reward and will con- present form, which cannot be amended at will by a mushroom government that may in future take office in Ottawa, we shall, as a sister province, stand solidly beside Quebec if at any time her minority rights are threatened. On this sound foundation of national unity we stand as firm and resolute as the Rock of Gibraltar itself. To lay hands on the life work of Sir Wilfrid Laurier and Sir John A. Macdonald is nothing short

Do We Fiddle While London Burns? In the post-war period we may have to open our

Is this the time to send a courier to bomb-torn parliament to pause in its consideration of questions of the commission is essential to our war effort. Rather determining the very life of the British Empire in order | does it suggest that during the period of the war the

while London is burning. In the heart of the Empire | the time and effort which must necessarily be expended have hands are beating out the flames apread by ruth. by the commission. It would therefore seem the part less vandals upon the housetops and the roofs of their homes. Britons, on the shores of the sea and in the far-reaching and contentious a problem until after Time does not permit a lengthy recital of other acts streets of their cities, will resist the invader foot by of cooperation on the part of the government of the foot with their very lives, as their great leader said province of Ontario, but I challenge anyone to success, they would. Instantly concerned with their struggle fully charge the government of (Intario or, for that to survive and to save us throughout this Empire and

homes with their bodies and braving the bursting gone around. It is the money powers." bombs and the hall of machine gun bullets, do we read that the Lord Mayor of London has paused in his efforts to save the nation and has called a meeting of the aldermen to consider a readjustment or a revision of the borough system of the great metropolis which action. I maintain that it would be most unfortunate is now a belenguered fortress?

I listen to Mr. Churchill, to Mr. Roosevelt, the two aure of cooperation in every possible war effort, the great democratic leaders who stand out as beacon lights secretary of the organization now advises me that not in this bewildered world to day. I believe in their sina single request or communication has been received certify. Only an all-out effort will save civilization and christianity. Our central government now, under the War Measures Act, has extreme, even dictatorial, power. Any just criticism that may be levelled against the If there is anything specific that the dominion govern government of Ontario for its considered judgment on ment wants to help in its war effort, say so, and I am this issue my colleagues and I accept without com- sure every province will assist by passing immediately plaint. But if the propagandists believe for a moment the necessary cuabling legislation. This can be accomplished without controversy and without upactting our reasonably well-organized system of government.

Ontario Shall Continue to Help

In our war effort we of Ontario believe we have been helpful and shall continue to be so, even to the extent of not joining in the clamour to unload over two billion dollars of debts of other public bodies on the dominion treasury in war time. The process of transfer growing uncasiness in the minds of many. Whether it itself would be involved and upsetting to our whole financial system. A transfer of all tax collection activauthority could only be made after complicated and far reaching legislation could be enacted. The time and effort of the federal parliament would be devoted The Toronto Star, a supporter of the present federal in this direction when every ounce of effort is required dissemination, as was done here, they treated this government in its editorial of November 20th, 1940, in the successful prosecution of the war. And while you thus obligated yourselves to fight this war with The Star believes that the general idea of the report the last drop of printer's ink and to the last page of public addresses on the subject had to be abandoned. is a good one, the idea that the dominion should be Honsord, confusion, utler confusion, would prevail in Surely it must be evident to any loval British subthe chief tax collector and, as an offset, assume certain all governments as existing tax machinery bogged

We, in Ontario, I emphasise, have anxiously co-What did the Ster say in its editorial of Saturday, operated with the dominion government in its war January 11, 1941; I conta: peacetime document, and we believe honestly and The report has, naturally enough, strong backing. peacetime document, and we believe honesty and Great financial concerns and wealthy individuals who sincerely that the time to discuss it is not now, but only when the menace to our democracy, Christianity and freedom is removed by the complete defeat and

of Manitoba, Saskatchewan and Alberta, respectively.

This gift to the bendholders would be more costly to favouring or opposing the report as a whole, that received from the previnces and I want to mention in formit than any other prevince. Ontario's own bonds answer, representing Nova Scotta as we do, would particular the cooperation from the prevince of particular the prevince of particular the prevince of particular the particular the prevince of particular the part

ON. MITCHELL F. HEPBURN, PRIME MINISTER

Already a Fuel Controller has been appointed and as its credit closely approaches that of the dominion. A NEW BRUNSWICK, (Vol. 1, page 23):

(Vol. 1, Pages 14 to 20):

"Mr. Prime Minister and gentlemen, during this time stress and strain and ruthless warfare I have never the provincial and success and strain and ruthless warfare I have never the provincial and gasoline.

Already a Fuel Controller has been appointed and as its credit closely approaches that of the dominion. A NEW BRUNSWICK, (Vol. 1, page 23):

"At the outset, I must say that we do not concur not only the provincial debt, but the defaulted interest on the same. This had reached \$8,400,000 by 1937 and V and VI of section F of Volume II, where certain in the findings of the commission as set out in chapters V and VI of section F of Volume II, where certain special claims advanced by the government of New

HON. JOHN BRACKEN, PRIME MINISTER OF MANITOBA, (Vel. 1, page 30):

"Manitoba does not think it unreasonable, if it wanted to borrow money on the credit of the dominion, can borrow now could still borrow if the commission's recommendations were in force. The success of such borrowing in either case depends upon the credit of the province which is attempting to borrow. For example, with their resources we do not think that either Ontario or Quebec will have any difficulty in borrowing if this report is implemented; some other provinces might have; but is there not a question as to whether these latter could borrow satisfactorily even if the report is not implemented! If they could not, then they are certainly no worse off after implementation

The fact is, and the report makes it clear, that in valuable right, exercisable wholly at their own option ...

BRITISH COLUMBIA, (Vel. 1, pages 44 and 45): "Money, of course, is at the root of this whole question. While monetary measures should be based upon the productive capacity of our people, the productive

tary measures and other considerations. We are now told that it is necessary immediately to

If there had been no commission, war measures would still proceed; and right now without any change in our constitution the dominion can take any action deemed necessary to the winning of the war; and the people are solidly behind the government that every resource which we possess shall be brought into action at the earliest possible moment for the purpose of furthering our war effort.

Let us face this question fairly and squarely just as if there were no war, as was the condition at the time of the appointment of the commission; and not place those who believe that the proposale are of a harmful character under the indictment that they are hindering the war effort of this dominion.

Would Retard War Effort The commission further states:

The immediate effect of Plan I on dominion finances America Act may serve a useful purpose until the pro- the dominion." Inasmuch as the finances of the dominion, accord-

ing to the commission, are not immediately to be im-To me it is unthinkable that we should be fiddling | tion of additional financial obligations but through of wisdom to get on with the war and postpone so

HON. WILLIAM ABERHART, PRIME MINISTER OF ALBERTA, (Vol. 1, page 63): "Our people will ask, 'Why are they so anxious to raise an issue like this when we all have our hands To day, while these brave people are shielding their full with the job of the war!' And the whisper has

I am going to speak frankly. I believe that the perilous situation which is facing our nation and the empire demands sincerity of speech and boldness of if the idea gains popular credence that there is a concerted and deliberate attempt being made by the money powers to increase centralized control of our national life while our attention is fully occupied with the prosecution of our war effort, and that thereby there is developing an endeavour to obtain an unfair advantage over the people by means of imposing upon them a crushing debt structure under which they will be further enslaved. I am sure that every man in this gathering must be aware that considerable auspicion has been aroused in the minds of many because of the intensity of the propaganda campaign and the great expenditure of money and the frantic and unwarranted haste that has been urged in connection with the adoption of the Rowell-Strois recommendations.

Make no mistake about it. Not only the efforts to gain the adoption of these recommendations, but the barrage of obviously inspired propaganda to win support for the "union now" proposals have been causing a common knowledge or not we in Alberta are fully informed on the action which was taken in Australia than we have to deal with such matters. We note that instead of allowing the use of radio facilities for Its "union now" propagands as being subversive to the British empire and raised such a storm of protest that

ject that to sit calmly and indifferently by while we are being hoodwinked and inveigled into a financial dictatorship or a fascist state, at a time when we are giving the best of our manhood to the empire and are sacrificing our all to overcome that foul thing which has raised its head in the world in many guises -- a totalitarian order of centralized control and regimentationis not only ridiculous but, dangerously oriminal. I have ne apology to make for speaking thus."

HON. A. S. MacMILLAN, PRIME MINISTER OF HON. J. L. ILSLEY, DOMINION MINISTER OF NOVA SCOTIA, (Vol. 1, page 22):

FINANCE, (Vol. 2, page 80):

PUBLISHED BY THE AUTHORITY OF THE GOVERNMENT OF THE PROVINCE OF ONTARIO