

of taxpayers. They are the ordinary citizens of Canada, the farmers and the miners and other primary producers. It makes no difference whether they pay more to Ontario or less to the Dominion as long as they are paying more in the long run."

Calls for Tax-Services Link.

He said it was possible that Ontario had the first right on income taxation. "But let me point out," added Mr. Macaulay, "we are not going to have any improvement in government until we have a direct connection between the cost of services and the taxation that pays for services."

As to the Premier's assertion the Province would be prepared to assume its own relief burden, granted income taxation, Mr. Macaulay emphasized that while such a program might be all right for Ontario, other Provinces would not get anything on such a basis. He cited the Prairie Provinces and declared that the Western problem was national in scope.

"If it strengthens the hand of the Premier to get fair distribution of taxes, let the resolution pass unanimously. But let me say this," said the speaker, "Ontario can afford to be fair with the rest of the Provinces."

"I believe," continued Mr. Macaulay, "Canada and the world are facing a critical situation. We thought we were just out of the depression, yet in my own riding in South York the unemployed rolls have increased from 9,000 to 14,000 in about three months and when I was in Ottawa recently, I was told that since the first of January, 1,000 men went off payrolls every twenty-four hours."

Drafters of the British North

America Act, declared Hon. Mr. McQuesten, had to frame the distribution of powers between the Provinces and the Dominion in full recognition of the distinctive racial differences between the French and the British peoples. "These differences," he said, "created diverse interests which forbade any interference with local and private matters within the Provinces by the Federal Government. I suggest that this diversity has not been lessened one whit since Confederation. I suggest further, that the growth of the Provinces since Confederation, another absolutely peculiar feature has arisen, which has attached itself only to the Provinces of Ontario and Quebec. That peculiar feature is the growth of industrialism which inheres in the main to Ontario and Quebec alone. So that we have arrived at this result today in considering the differences between Provinces; racially we have Quebec on the one hand and the other Provinces on the other. Economically, we have Quebec and Ontario, respectively, as industrial and commercial Provinces, with British Columbia coming into that category, and the other Provinces of Canada on the other hand. In other words, there are today more distinctive differences between the Provinces than there were at Confederation. In my view there is, therefore, more reason for maintaining the exact distribution of powers which the British North America Act originally provided."

"I do not wish to take up the time of the House unnecessarily, but I submit this as my opinion, with which you may or may not agree, that those social services which include old-age pensions, relief for unemployment, and unemployment insurance, together with certain aspects of public health, are purely the result of industrialism, and as such are peculiarly the charge of those Provinces which are industrially developed, and, of course, they have been held to be so by the Privy Council. In fact, I will go further, and say that Provincial control of these services is essential to preserve industry in this Province."

Sees Act Transgressed.

"As I have pointed out, industry can have a direct control of Provincial action. Whether it has an absolute control depends upon the wisdom of its voice. On the other hand, it has no effective control whatsoever of Dominion action. I am speaking of the Province of Ontario. Industry in this Province, and in the Province of Quebec, if it is to be regulated in these intimate matters of social services, will be regulated by a body a large portion of whose membership supporting the Government of the day is from Provinces with no special interest or knowledge of industrial conditions."

"Now I come to the resolution. The sum of money represented by the income tax paid by this Province, and improperly taken away from it by failure of the Dominion to agree to the plain purpose of the B.N.A. Act, comes largely, in the final analysis, from the profits of industry and commerce in this Province. It should be devoted to improving the conditions of labor within the industries which make possible its payment. This Province is prevented from taking from the profits of the employers of labor the money which should go toward

alleviating and improving the condition of the laborers who made such profits possible. That is really the effect of the Dominion's improper intrusion into this field of taxation. It is a plain transgression of the spirit of the act."

Favors Dominion Tax.

Hon. George S. Henry (Cons., East York), in his first major House speech since he relinquished leadership of the Opposition, told of his pleasure in the freedom that a private member had in voicing an opinion, and said he wished to preface his vote for the resolution with general observations.

"I do not believe in a Provincial income tax," he stated. "In my years of association with this House I was always seeking to do away with municipal income tax. I think we would have gotten somewhere if times had been more propitious."

"I believe wholeheartedly in income tax as a means of revenue, but it should all go to the Dominion treasury."

Mr. Henry said he was frankly surprised at Mr. McQuesten's statements. "I never thought," he said, "that he was such a little provincial man in the same respect as the term 'little Englander' was once used."

Wants United Stand.

"Ontario is too big to grasp all it can obtain without regard to the other Provinces' rights. If the Canadian confederation is to continue, we must stand together, and when the Provinces are unable to bear local problems, the Dominion and the other Provinces must stand beside them."

Having more wealth, Ontario should contribute more to the common treasury. It was, he claim-

ed, the Premier's responsibility to direct the Province away from narrow provincialism, to lessen Provincial responsibilities in some administrative fields that would be maintained better by the Dominion with its more buoyant revenues.

He deplored the suggestion that Ontario should "gang up with Quebec" on the Rowell Commission. Responsibility in Provincial leadership rested on Premier Hepburn and Premier Duplessis more than on any others, because of the two central Provinces' wealth.

"We don't want Ontario to be the milch cow of the Dominion, but we have a definite responsibility to the rest of the Dominion," said Mr. Henry.