

PREMIER PATTULLO EXPLAINS POSITION ON SIROIS REPORT

(Continued from Page One)

headed by Hon. Chief Justice Rowell and upon his retirement by the late Dr. Sirois. For more than two years and a half the Commission gave study to innumerable problems and there was filed with the Dominion government last May what is now generally termed the Sirois Report. It is a most voluminous report and at the recent conference I personally paid tribute to the thought and study given by the Commission to the many problems and questions involved. I also stated that, whether one agreed with the report or disagreed with it, it constituted a most valuable compendium of useful information.

"Careful study by myself personally, by my colleagues in the government and by expert authority in our service clearly indicates that the main recommendation of the report known as Plan I would be very injurious to the development, welfare and prosperity of our province.

Peace Time Commission

"This Commission was appointed during peace time, not in anticipation of war, and to meet conditions existing in time of peace. The war having started before the Commission completed its report, reference was made by the Commission to its value in meeting conditions consequent upon the war.

"On November 4, 1940, I received a communication from the Prime Minister of Canada, inviting myself

and colleagues to attend a Dominion-Provincial conference in January. The Prime Minister advised me that he was sending a similar communication to the other premiers of the provinces and was immediately placing a copy before the House of Commons.

"I did not approve of the terms of the calling of the conference but had no opportunity to suggest any alternative. As our Legislature was meeting, immediately following receipt of the communication from the Prime Minister of Canada, I advised our Legislature of its purport and stated that myself and various colleagues would attend the conference. On November 5 I replied to the letter of the Prime Minister as follows:

"Thanks very much for your letter of November 2nd regarding report of the Rowell-Sirois Commission.

"Your letter is provocative of much thought and will require considerable discussion so that I shall not attempt to elaborate at the moment, but would say that I and some of my colleagues will be glad to attend the conference which you propose. In fact I would like to arrive in Ottawa some days prior to the conference as it might result in very much expediting the work of the conference."

"Here was clear indication that I had reservations regarding the proposals of the Dominion government but I was anxious to come to an understanding with the Ottawa government and the provinces and so advised not

only the Dominion government but also our Provincial Legislature at that time. Among other things I advised the Legislature as follows:

"There are those who would advocate placing in the hands of the Federal authority plenary powers event to the extent of those which are now exercised during this war period. In peace time such authority could only lead to disruption and disunity. Undue centralization of any kind would be harmful. There are certain jurisdictions which should be exclusive to the Dominion and the provinces respectively and these should be clearly and definitely stated. There are other jurisdictions where joint participation would appear desirable. These also should be clearly defined.

"This government proposes to cooperate to the full with the Federal government and other provincial authorities to reach common ground but, in so doing, we must not sacrifice the well-being of British Columbia."

"I stated at the conference and I state now that I think it was an error to call the conference on the basis of the emergency of the war. Under the present constitution the Dominion government can do anything which it wishes to do to further the war effort. It can take all the man power and all the money power to produce to our fullest capacity necessities required overseas to meet the emergency there and at the same time protect our home front. It is not necessary to change the constitution to do this. Nobody knows just what conditions may be at the conclusion of the war and to wait until that time to make radical changes in our constitution would only seem to be the part of wisdom.

"It took years and many conferences to bring about the Confederation of Canada and now there are those who are frothing at the mouth because in a single conference their wishes were not carried to definite conclusions.

"The reason for the intense feeling exhibited is not hard to discover. Apart from antagonism to myself, it is clear that certain interests hope under the proposed plan to push taxes off themselves upon other shoulders and there is hope also that the value of bonds now outstanding which are at a heavy discount will be increased.

"The public is, therefore, being told that under Plan I of the report British Columbia taxpayers would be saved four or five million dollars annually in taxes. There is no explicit evidence to this effect.

"The Commission itself is very hazy and contradictory in its observations. It suggests that the aim should be to make the personal income tax take the place of the corporate income tax. This is defined as an ultimate goal, not an immediate probability, as evidenced by further statement of the Commission that the retention of the corporate tax with an exemption in respect of personal income from dividends would appear preferable to complete abolition of the corporate income tax.

"There can be no sleight of hand about this business. If the Dominion is to benefit from the plan, it must compile the rate structure so that it will produce the money. There is no doubt that it is the intention of the plan to increase the base and increase the rate upon the smaller incomes. The ardent advocates of the plan are those provinces which will most benefit at the expense of the other provinces and those who count on get-

ting rid of some of their taxes, to be paid by somebody else.

Looking For Protection

"Had we consented to the proposals at the conference it would have tied the hands of the Province for all time. This would indeed be a serious step. It is a good thing to allow some time to elapse for those who became so frantic to cool down. They need not imagine that by violent outcry they are going to stampede those of us who are prepared to look at this situation calmly and dispassionately.

"I have been accused of unpatriotic motives and motives of positive dishonesty. What other object could I have than that of preserving the welfare of British Columbia? And if the government of British Columbia is not prepared to protect the welfare of the province as it sees the light, how can you expect anybody else will do so?

MUST RETAIN OPPORTUNITY

"Let me just warn the people that if this report were adopted as outlined by the Commission, this opportunity of the provinces for development in accordance with their capabilities would be gone. In British Columbia, the progress which we have made over a period of years at a cost of millions of dollars would come to a standstill and would inevitably retrogress.

"Vicious Centralization
"Under the Commission's plan, inelastic methods of taxation would be left to us, while the elastic and flexible tax on income would be taken away from us.

"The plan provides for the setting up of a Finance Commission in Ottawa and, while nominally the provinces might borrow upon their own account, the practicability of the situation would be that no province would be able to borrow for capital expenditures until application for approval had been made to the Finance Commission. We would not even be able to approach the Dominion government directly but would be subject to a board appointed by the Dominion government. Here would be centralization with a vengeance.

"The fact of the matter is that there are powerful influences in the east who would like to see centralization of authority. They believe that the provinces should be curbed in their expenditures and a permanent check be placed upon their activities. These influences found expression through the Department of Finance and according to the Prime Minister of Canada, it was the influence of the Department of Finance which persuaded the government of Canada reluctantly to call the recent conference.

Budget

"It has been suggested that we are spending too much money in this province because of the fact that our revenue is higher than ever before in the history of the province. Our expenditures on ordinary current account are less than expenditures on ordinary account in 1930, notwithstanding increase of population.

There was a large attendance at

the meeting and the Premier received an attentive hearing. W. O. Fulton, president of the Prince Rupert Liberal Association, occupied the chair. C. P. Balagno was in attendance to play "O Canada" at the opening of the meeting and "God Save the King" at the close.



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