

The new agreements would again cover a 5-year period but the guaranteed minimum payments would be on a 1948 rather than a 1942 basis. This would be accomplished by adjusting the present guaranteed minimum payment for each province upward in the same proportion as Canadian gross national product per capita and the population of that province had changed between 1942 and 1948. Accompanying this change in the guaranteed minimum payments were two changes in the method of annual adjustment. In the first place a 2-year average of the relevant factors was proposed instead of the 3-year average now used. In the second place it was proposed to substitute the gross national product at factor cost for the gross national product at market prices as one of the two adjusting factors. The result of this latter modification would be that changes in the level of indirect taxation would not have a direct bearing upon the annual tax rental payments.

The Federal Government also offered a new option which would be more favourable to provinces with a relatively high tax potential. This additional option specified that any province might take as its guaranteed minimum annual payment the sum of the following amounts:—

- (1) The yield of a personal income tax at 5 p.c. of 1948 federal rates applied to 1948 incomes in the province.
- (2) The yield of a tax of $8\frac{1}{2}$ p.c. on corporation profits earned in the province in 1948.
- (3) The average revenue received by the province from succession duties.
- (4) Statutory subsidies payable to the province for 1948.

The Prime Minister also stated that the Federal Government was prepared to bring into effect an old age security plan along the lines recommended by the Parliamentary Committee earlier in the year. This Committee had recommended federal old age pensions of \$40 a month to all persons of 70 years of age and over financed, in large part, on a contributory basis. To bring this into effect a constitutional amendment would be necessary. The Committee had also recommended that pensions of the same amount be paid to persons in need between the ages of 65 and 69 with financial responsibility shared equally between the Federal and Provincial Governments. The Conference considered these proposals in committee and agreed that the text of the amendment to give Parliament the power to institute universal contributory old age pensions for persons aged 70 and over should be drafted and circulated to the provincial governments for their approval. A continuing committee was established to consider the character of legislation that would be appropriate respecting persons between the ages of 65 and 69 and to what groups and under what conditions it should be made applicable in each province. This continuing committee was to meet as soon as decisions had been reached by the Provincial Governments concerning the constitutional amendment.

The Conference also discussed the desirability of amending the constitution to permit Provincial Legislatures to levy an indirect sales tax at the retail level. A draft of a constitutional amendment for this purpose was to be prepared and circulated to the Provincial Governments for consideration.

The proposals and their implications were examined in committee until the afternoon of Dec. 7, at which time the Conference was adjourned.

During the latter part of 1949 and in 1950 the Federal and Provincial Governments began an examination of the method of amending the Constitution of Canada.

The lack of a clause in the British North America Act to provide a means by which the Act can be amended in Canada, without action each time by the United Kingdom Parliament, has frequently given rise to difficulty. Recourse to the United Kingdom Parliament for amendments has also been felt to be an improper