

Interim Supply

which are not comparable. Some of the provinces do not have much revenue from resources because they sold their resources for consideration in the past and have spent the money. Are the provinces which did not sell their resources for a limited sum, but which continue to derive revenue from them, to be discriminated against because of that? But I think the most unfortunate aspect of this new formula is that the provinces are to be allowed to retain another 25 per cent of succession duties, and this is not to be included when computing the equalization grants. If there is any tax which ought to be included in computing an equalization grant, surely it is succession duties, because succession duties are going to become more important as the years go by. Succession duties are levied usually on large fortunes which are left in one province but which have been earned all over Canada, and to leave these out seems to me to be taking a very serious step along the road away from equalization. I think the people of Canada have a right to ask themselves why the government has discarded what was a just and reasonable formula for equalization and adopted one which in many ways is a monstrosity.

The Prime Minister said this afternoon there was no ultimatum, there was no capitulation. Whether there was an ultimatum or not, whether there was capitulation or not, the fact remains that most Canadians can do simple arithmetic. They know that the premier of Quebec, along with other premiers, asked for 25 per cent of the income tax revenue and 25 per cent of the corporation tax revenue. They did not get it. They got instead a formula which is going to give the provinces in total \$87.4 million and will give the province of Quebec \$42.7 million or almost half the total amount paid out under this formula. That may not be capitulation, but it will look to a lot of people as being very much like a behind-the-barn deal in which one province is going to get almost half the total amount of money. When this is broken down on a per capita basis it gives the province of Quebec \$7.81 per head compared with \$5.60 for Prince Edward Island. Surely those two figures alone indicate how far we have moved from the principle of equalization. If we take the three far western provinces we find that the figures are \$2.31 for British Columbia, \$1.23 for Alberta and \$2.65 for Saskatchewan.

Mr. Pearson: I wonder whether my hon. friend would permit a question. Does he not agree that if the formula had been equalization up to the top province, the province of Quebec would have got \$7 million of the \$12 million that would have followed from that new equalization?

Mr. Douglas: I am going to suggest that the government would have been far better, it seems to me, to have left the equalization formula as it was, if it could not do a complete job, and to have said to the provinces: We are now prepared to start moving step by step toward giving you 25 per cent of the two income tax fields. This would have given all the provinces something. It would give it to them on a fair and equitable basis, rather than on this formula which smacks so strongly of favouritism and expediency.

I do not want to drag this out, Mr. Chairman. I want to say just a word about the Canada pension plan. I am glad of the progress which the Prime Minister has reported. I think the government ought to consider whether or not some of the reserve which will be built up in this fund could not be reinvested in the provinces on some allocation based on population. I know the plan is not supposed to be a funded plan, but since the extra \$10 a month to the old age security pensioners is not to be taken out of the fund, there will be a reserve built up, and I think it would help to sell the plan to the provinces if the federal government were prepared to take some part of the reserve and reinvest it in the provinces by the purchase of provincial or municipal bonds, or some other form of investment in the provinces.

With reference to the old age assistance pension and blind and disabled persons allowances, I should like to say that I hope the government of Canada will press very hard to get the provinces to agree to make the increase retroactive to October 1. I think it is unfortunate that all of the people who come under these shared programs always get cheated out of several months of increase in pension because of the fact they have to wait until the federal and provincial governments negotiate. It should be remembered these groups come under a means test. In other words, the only reason they get any pension at all is because that they have practically no other means of subsistence. They are people who need this increase if anybody needs an increase. I certainly urge the federal government to exercise all its influence on the provinces to agree to making the increase for these three shared programs retroactive to the 1st of October.

Finally, Mr. Chairman, I simply want to say that we wish the Prime Minister and the government well as they continue these federal-provincial meetings. We hope they will be able to resolve some of the very serious problems that face the country. I want to suggest, however, in all kindness that they will not promote co-operative federalism by