

Interim Supply

not have the funds to carry them out. This past conference has not changed the over-all situation in this regard one single bit. This wrangling over money, with all the bitterness and discord that it generates between the provinces and the federal government, is bound to provoke more, and it will go on until there is an entirely new approach to our nation's fiscal requirements at the level of the federal government.

I might ask the question, what are some of the basic ground rules governing the powers and responsibilities of the federal and provincial governments with which we must be concerned? I believe it is idle thinking to think that we can have a single and united country if we do not have at least a minimum of co-ordination in fields such as welfare, employment and living standards throughout the whole nation. Whether or not the letter of the constitution states it in those words, I believe it must be recognized everywhere that the federal government does have a moral responsibility to the people of the entire country for the maintenance of standards in these fields. Rich provinces turn their backs on the poorer provinces and deny them help in attaining at least the minimum standards which we believe necessary in Canada in this twentieth century. On the other hand, the principle of provincial autonomy and individuality is one that we must prize and respect at all times.

I believe the answer for the future must lie in a new pattern of division of powers between federal and provincial governments. Our present division of powers in Canada today is a vertical one. It allocates some fields of activity here and some there. More and more I believe, especially where matters of a social nature are involved, we must work toward a division of responsibility which runs not on a vertical basis but on a horizontal basis. The federal government must be responsible for seeing that there are certain basic standards maintained in the fields of health, social services, pensions—yes, perhaps even the field of education. It must do that, but it must not do more than that.

If what is considered an adequate basic standard for Canada as a whole is not considered suitable in richer provinces, which also have higher living costs, then it must be up to such provinces to supplement the basic standards at their own expense. In turn, federal plans must be flexible enough to allow them to have supplementary provincial programs built on top. Only in this manner, I believe, will it be possible for us to achieve a unity in national basic standards, with enough diversity to make provincial governments capable of satisfying the more particular wishes of their people. Eventually

[Mr. Thompson.]

the division of powers has to be reviewed in the light of the changing conditions which are before us, and this division has to be applied on horizontal lines rather than a strictly vertical one because it is only in this way that we can maintain these basic minimum standards.

If the picture is reviewed in this light, this can be done without interfering with the responsibilities of the provinces. This will demand close and continuous liaison between governments at the federal and provincial levels, which I believe would be best achieved if we had in the federal government a separate department of federal-provincial affairs.

I appreciate very much the fact that this conference has produced plans which will permit further and continuing consultation. I think it has been good that there has been provision for these ministerial conferences. It is excellent that the time and even the place has been set for the holding of the next federal-provincial conference. I do hope the government will start now to get down to these basic problems with which they should be dealing, both in the ministerial conferences and the other conferences. Then perhaps these conferences can accomplish some of the fundamental decisions which must be made in connection with the planning and the groundwork for the development of confederation and for the continuance of confederation in order that Canada may stay a nation.

[Translation]

Mr. Pigeon: Mr. Chairman, I would like to take the opportunity afforded by our discussing interim supply to relate my remarks, for a few minutes, to the federal-provincial conference.

At the outset of that important conference, two major organizations of the province of Quebec, namely the boards of trade of the province of Quebec and the federation of the St. John the Baptist societies, expressed their views and condemned, as it were, the present tax agreements. Both organizations stated that those agreements could only lead to a monolithic state, and they requested the federal government to give back to the provinces their right to levy taxes and also to return to the spirit of confederation.

The pact made in 1867 between the two great nations of the country must be fully respected and the federal government should leave to the exclusive jurisdiction of the provinces such fields as education, social security and others which, in the spirit of confederation, normally come under the provinces.

In my opinion, the federal-provincial conference has been a failure. No one is satisfied; not a single province is happy with the results and I am not surprised.

Mr. Chairman, I should like to refer to part of the budget speech made by the Minister of