

*Government Organization*

economic growth. Although it is difficult to draw a clear line between the consumption and investment elements of public spending, particularly in the case of services to people, it is now recognized that a significant proportion of public outlays may be looked upon as investment related to long-term economic growth. This applies particularly to expenditures concerned with the extension and development of human and physical capital, the provision of services to assist private production, and the general advance of knowledge.

The report goes on to emphasize the importance of bringing up to an adequate level the growth relating to public services in the Atlantic provinces, for example, in the areas of education, transportation and public health particularly. In the following year, 1966, the Economic Council returned to this theme and stated in its report at page 258:

• (3:20 p.m.)

Notwithstanding the prolonged and substantial economic expansion across the whole country, a significant gap has persisted between the Atlantic area particularly and the rest of the country in provision for those public services most closely related to long-term growth. It is especially disturbing that disparities among the provinces in per capita expenditures on education have tended to widen, rather than contract, over the recent period.

The point I am making is not really peculiar to the Atlantic provinces, although it may be of particular significance there. It is also very significant in provinces such as Quebec in respect of its efforts to increase the incomes of the people in the area east of Trois-Rivières.

There can be no question about the importance of provincial services in relation to growth. There is no question either about the degree of disparity that now exists in respect of the level of health, education and transportation services, to mention three. One must ask very seriously how far the minister and his department will get in attempting to raise the level of incomes and opportunities for the people in these disadvantaged areas if the local level of growth related services such as education, transportation and so on remains substantially below the national average. How much success is the minister likely to have in creating dynamic centres of growth under these conditions of relatively inferior growth related services which are also associated with higher taxes?

We know, for example, that in the province of New Brunswick there is not only a discouraging picture but rather extraordinarily high taxes associated with a standard of growth related services well below the

national average. This is a discouraging situation for people who need growth if they are to succeed in lifting themselves by their bootstraps or responding successfully and effectively to the minister's policy and attempt to enable them to help themselves.

What disturbs me is the apparent failure of the minister's colleagues in the cabinet to recognize the significance of this matter. The Minister of Finance rose in his place the other night and contented himself with boasting about how much the government of Canada was doing by way of transfer payments. He did this on the eve of the day the provincial treasurer of New Brunswick felt it necessary to bring down a serious budget involving substantial tax increases for the people of that province. Perhaps it was coincidental but it indicated to me how unaware the Minister of Finance appears to be of the importance of the fiscal policy of his department to the work the minister is trying to do by way of regional development. I am afraid it is an indication of what I referred to as the possible tendency on the part of other ministers to "let Jean do it" and not accept their own responsibilities. It seems to me we have also had, and this is something the minister tried to explain to the committee, a striking degree of cynicism toward the province of Prince Edward Island. Let me say briefly what I have in mind.

Having regard to the cancellation of the causeway, this is a matter in respect of which the government ought at least to have taken the trouble to present the facts to the house and the people of that province. If the facts are as the government says they are, that the cost-benefit studies show that an adequate service can be provided more economically by ferry, the government should lay those facts before the house and the people of that province. I know of no better way to alienate the people of a whole province, in this case a small one, from the rest of Canada and from Ottawa than by simply announcing the cancellation of what was a solemn promise without the slightest effort on the part of the government to explain why it was necessary or to give the figures and convince the people that the government was right in its decision. This seems to me to have been a highly cynical step on the part of the government which is likely to produce a great degree of cynicism on the part of the people of Prince Edward Island.

The government substituted for the causeway project a new regional development