

*Federal-Provincial Fiscal Arrangements*

selves. I hope the people of western Canada do not get hung up on this question of equalization. The people there are characterized by initiative and drive and by their foresight. They continually look forward, not back. If this becomes an issue of any magnitude in western Canada, it will simply divert their attention from the tremendous progress made in the last 20 or 30 years.

There is only one comment that I wish to make regarding the federal-provincial fiscal arrangements, and this is in respect of the shared-cost programs under the Canada Assistance Plan. Upon examining the social welfare systems in the provinces of Ontario, British Columbia and Alberta, one can only conclude they are using the plan as a back door by which to regain some of the funds they feel they are losing under the equalization payments.

In Alberta, many people are concerned about the rising cost of welfare and the numbers of people on welfare. They do not deny that there are unfortunate people who have suffered personal catastrophe and who require assistance from the state, but they also know that there are many others apparently well able to contribute to the state and the economy but who are not doing so and who rely on the social welfare system. This situation exists as well in British Columbia and Ontario and I hear from my friends in Ontario that welfare is easy to get there.

In the last three years I have become convinced that these three "have" provinces are using the system of the Canada Assistance Plan to get back from the federal government what they feel they are paying out under equalization. The result is that in those parts of the country where there is less need for welfare, it is easy to obtain. In Ontario, British Columbia and Alberta the provincial government can afford to pay 50 cents in order to bring in another 50 cents in federal government funds, but the poorer provinces must scrape to get that first 50 cents in order to pay their own 50 per cent contribution to welfare services.

The result is a distortion in our scheme of providing assistance to the less fortunate individuals in the country. I hope that at some future federal-provincial conference this matter will be discussed seriously so that public funds used to assist our less fortunate fellows are used properly. It should be possible to ensure that provincial governments do not regard them just as a means of obtaining federal funds and it should also be possible to ensure that they are not used in a way which creates dissatisfaction with an otherwise sound social security system.

Mr. Speaker, in the few minutes that I have taken I hope I have indicated my support for the bill sponsored by the Minister of Finance (Mr. Turner) and for the system of equalization grants. I am sure that I speak for the majority of the citizens of Alberta, and I am confident that I do when I read editorials such as the one which appeared in a weekly published in my riding called *Western Review*, of Drayton Valley. On May 6, 1970, when speaking of Quebec the editor said:

—we should certainly be attempting to solve the economic ills plaguing the province. At the same time, the maritime provinces have more than their share of problems that should also get federal attention.

I am also pleased to be supporting this government which in the last four years has done more than any other

[Mr. Sulatkycky.]

federal government to support those particular regions of Canada.

**Mr. John Burton (Regina East):** Mr. Speaker, the bill before us is the product of a long process of negotiation which no doubt involved a great many problems and anxious moments for the ministers and the federal and provincial officials concerned. We must keep in mind that the agreement reached between the federal government and the provinces which is now embodied in this legislation is an integral feature of the fabric of confederation as we have it today. In fact, it has become a very important and essential part of the entire functioning of our nation as a whole. In many respects we can say it strengthens the nation because it takes into account some of the difficulties encountered from time to time and some of the changes which have occurred in the Canadian economy.

On the other hand, I think that we have to recognize that the important role these arrangements play in the functioning of government at the federal and provincial level across the country adds to the frailty of the entire structure of our nation. We go from five-year period to five-year period, and at the end of that time there is again this process of negotiation. This places the bonds of our nation under a great deal of strain, and I think this is inevitable with the type of negotiations involved in reaching the arrangements we are considering.

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I think we must also keep in mind that to some extent the arrangements that are reached periodically are substitutes for the inadequacies and deficiencies of our constitutional structure. These at times can be assets which may strengthen our case; at other times they may produce problems and point more clearly to some of the difficulties with which we will have to grapple over a period of time.

I think one point that must be kept in mind in dealing with this legislation is that it underlines the inequalities and disparities present in our nation, inequalities which are demonstrated by differences in the financial position and fiscal capacity of various provincial governments across Canada. One province, Newfoundland, as was pointed out earlier, depends upon federal sources for 55 per cent of its total revenue. This fact, I think, carries consequences affecting the functioning of provinces as we know them within our federal system of government. The province of Prince Edward Island, as was pointed out, depends on federal sources for some 55 per cent of its revenue. This fact has produced problems as well. Certainly, these two provinces would not wish to see those revenues removed in present circumstances; nevertheless, to refer to them as provincial entities and as sovereign governments in the way that the minister referred to the government of Newfoundland in his speech is to put the present situation in terms that are less than accurate.

It has been made clear already in this debate that we in this party accept the principle of equalization and recognize that a great many features of the application of that principle are contained in this bill. I also want to make it clear that so far as the province of Saskatchewan is concerned, we feel the principle of equalization is important. It is important for the nation and is important to many