

*Government Organization*

not touch upon the points that were raised then, but perhaps this will be done in the course of the debate. I called attention particularly to the dangers involved in the wide discretion provided to the minister and the Governor in Council concerning the definition of areas which may be prescribed as special areas for this purpose. I also called attention to the dangers involved in the wide discretion given the minister with regard to the type of industry which can be aided and the form of aid to be granted. I emphasized the importance of as much certainty as possible being created as soon as possible so that everyone will know where they fit. I also called attention to what we consider to be the unnecessary degree of centralization involved in the concept of administration in this bill.

I deplored the abolition of the Atlantic Development Board as an administrative and co-ordinating agency and suggested that agencies comparable with the Atlantic Development Board should be considered and discussed with provinces such as the province of Quebec in relation to the great area east of Trois-Rivières which is of such concern to the minister and quite properly so. I do not propose to go over that ground again at this time except to emphasize the seriousness of these concerns with regard to the bill.

I do want to return, however, to the theme of the importance of co-ordination if any effective and adequate change is to be made in respect of regional disparity in any part of the country. I am referring to co-ordination with the provincial administrations concerned. It is clear that the efforts of the minister might very well be at cross-purposes with the aims of the government of whatever province might be concerned. It is particularly important that there be the fullest possible co-ordination among all departments of the federal government because the minister will have under his direction a relatively small number of federal governmental activities that are involved in any question of economic development and must therefore be regarded as playing a very important role in regional development.

We have had a very striking example of the importance of this point since the bill was before the house on second reading. I mentioned then the important role all departments play, for example, the Department of Finance. Within the last couple of days we had a striking example of the importance of the policies of that department and an important example of the general financial policies

[Mr. Stanfield.]

of the government of Canada with regard to the economic development of a province.

I am referring particularly to the province of New Brunswick and the budget which the provincial treasurer felt it necessary to bring down not for the purpose of financing any new services within that province, not, indeed, for the purpose of financing existing services on the scale that the government of that province had hoped to undertake in important areas as part of its declared policies, but merely for the purpose of trying to make ends meet. That province has had to cut back to the fullest extent possible and has found it necessary to institute tax increases involving a 10 per cent surcharge on income tax and a substantial increase in sales tax, not only the general sales tax but the special sales taxes relating to gasoline, liquor, cigarettes and so on. I emphasize that this is not for the purpose of new services but is for existing services. Of course the cost of education in that province would be an important aspect. I mention this point in connection with this bill because of the emphasis authorities on the subject of regional economic development have placed upon the importance of adequate government services relating to economic growth such as education, transportation, including highways, and public health services.

I should like to remind the committee of what the Economic Council of Canada had to say on this subject in its second annual review in 1965 when it called attention to the very striking disparity in the standard of growth-producing services in the various provinces of Canada. It pointed out the following:

Although there is some evidence of an uneven regional incidence of federal government expenditure, on the whole, federally provided services undoubtedly moderate interregional income disparity.

A distinctly different situation applies at the level of provincial and municipal governments. Not only are there obvious differences in service requirements, but there are also important variations in the areas and degrees of responsibility assigned to the public sector. More fundamental, however, are the disparities in regional wealth and income which form the primary basis for the support of regional services. The obvious consequence is a wide range of variation in per capita expenditures at the provincial-municipal level and commensurate disparity among the various regions in the scope and standards of the public services provided at this level.

Interregional variations in the scope and standards of the public services are not only important because of their implications for interregional disparities in community income. They also bear directly upon the issue of regionally balanced