

III. Present Policies and Practices

As all the Provinces now own their natural resources, it might logically be assumed that the Federal Government would confine its activities in the field of resource development to those areas in which provincial administrations have not been established, that is, the Northwest Territories and the Yukon.

There are two basic and sufficient reasons why this restricted policy has not been adopted.

In the first place, the Government of Canada has, along with the governments of most other democratic countries, adopted as a primary object of policy the maintenance of a high and stable level of employment and income. It recognized, to quote its white paper on "Employment and Income" that "it will not be enough that (this) is an object of government policy. It must be an object of national endeavour. The active co-operation of all governments and groups in the country will be essential to success".

In striving to maintain this high and stable level of employment and income the government has three instruments available; taxation, enlightened trade policies, and judicious public expenditure.

Because of the importance of Canada's natural resources and their effect on the whole national economy, it is no exaggeration to say that the way in which they are used has a material effect, direct or indirect, on almost every source of employment and every source of its tax revenue. Consequently, the policies of taxation, of conservation, and of development that are adopted with respect to the country's natural resources are fundamental to any attempt to offset a business recession and maintain economic stability.

A second reason for federal participation in the development of the national heritage is found in the fact that in many cases desirable policies cannot be effectively carried out or a natural resource effectively exploited by a single province. To take an example, this is true in the case of certain of our water resources. Whether the water is used for irrigation, navigation, forest and farm production, power, or a combination of these factors, it is frequently found that more than one Province has a direct interest. Again, it might well happen that the Province in which the major proportion of the asset is located is either unable or unprepared to provide for its development in the way that would contribute most to national welfare. In other cases, and this happens particularly in the realm of forestry, many areas may be effected by a common problem (like the spruce bud worm) for which they are individually unable to provide a solution. In such cases it is appropriate that the Federal Government should be expected, and should be ready, to accept at least a share of the responsibility.

The exercise of these policies and responsibility may take many forms, but of these, four are of special importance. These are:

- (1) Financial assistance in the development of resources which are beyond the fiscal capacity of the Province in which they are located.
- (2) Scientific research devoted to the solution of problems common to more than one Province.
- (3) Assistance to the Province in the role of "honest broker" in negotiations relating to the fair distribution of rights to the beneficial use of joint resources.
- (4) The formulation of, and so far as possible, the adherence to policies which stimulate and foster the expansion of international trade. (As this is a wide and controversial subject and as Canadian action is governed to a considerable degree by external conditions over which Canada can exert only a limited influence, it will not be further discussed.)