

Federal-Provincial Fiscal Arrangements

Mr. Hnatyshyn: If he continues to interrupt, I may have to go my full 40 minutes. I know he wants to speak in this debate. I am sure he will have something important to say.

I want to deal with this legislation from the perspective of what consideration should be given to it and the kind of approach that should be taken with regard to federal-provincial relations. I am concerned about the situation that has developed in the province of Quebec. However, it is not a unique situation. Various regions of Canada, the outlying regions at least, have some grievances. As a westerner, I know that some of these grievances have been around almost since the time of Confederation.

All members of this House unanimously agree that the prospect of anything other than the continuation of a united Canada would be a disaster. Those who suggest otherwise on the basis of the separation of one part of Canada from the totality of Canada really misunderstand some of the difficulties which would follow such a separation. I am thinking of those who consider the prospect of carrying on under some common market arrangement among the different regions of Canada, but I do not think this is an easy solution or any solution at all to the problems of this country. Thinking in terms of a common market is not going to do anything to solve this fundamental problem.

● (2040)

There are different areas one could discuss by way of example to demonstrate that, despite talking in terms of some type of union between different areas, our problems will remain the same. If you talk, for instance, about the tariffs we might expect under this new union, if you talk in terms of common money, if you talk in terms of transportation, in all these areas separation, or a concept of union or co-operation under a common market concept, really does not solve any of the problems which would arise.

When I think in terms of tariffs, for example, and about the possibility of a common tariff policy being accepted by various regions in our country, I realize there is an ongoing difference of opinion. People in central Canada have traditionally been in support of high tariffs to give protection to the manufacturing industries. Consider textiles, for example. People in Atlantic Canada and western Canada tend to be free traders by basic preference.

Then we talk in terms of monetary policy. We know that massive unemployment now exists in the five eastern provinces and people in those provinces tend to think in terms of supporting an expansionary monetary policy in order to deal with this very real problem. But when you take the balance of people in Canada, support for expansionary monetary policy is not a priority item because people tend to be more concerned about the inflation and inflationary tendencies so these other parts of Canada tend to support a more restrictive monetary policy.

I cannot visualize how in any type of Canada separated by region there could be anything by way of improvement in the already unsatisfactory transportation system we now unfortu-

[Mr. Hnatyshyn.]

nately have. The fact is, I don't see that we gain any advantage by separating. I don't think, if one looks at these matters rationally from this point of view, that there is any particular or any noticeable advantage to be achieved by separation. I think we have to remind ourselves of the particular advantages of remaining united and trying to work within the context of a united Canada to improve each and every part and eliminate each and every regional disparity in each and every region.

I must say, as a western Canadian, that the idea of some type of alienation toward central Canada has been known to exist. There have been a number of expressions of that. Fortunately the feeling of alienation has not developed to any large extent. It has not developed to the point of there being any substantial support for separation as such. But there has been that kind of feeling in western Canada, and there is a historical background to this which has extended over a period of years. The more recent example, I suppose, is the concern people in western Canada have felt about the whole energy question. It appears to them, at least, to be a case of confrontation by the federal authorities against the rights of western provinces to exercise control over their natural resources.

The people of western Canada have, of course, been traditionally concerned over such matters as freight rates. They are at present concerned very greatly by the fact that while a national policy of restraint and controls is apparently being imposed in all parts of Canada, those controls do not seem to affect the cost of agricultural equipment and farming supplies, costs of which continue to skyrocket. These are examples of some of the general topics of discontent one hears about in western Canada.

I suppose it would be fair to say there has been across western Canada a general, undefined feeling that government located in central Canada has legislated with respect to western Canada under some form of thinly concealed policy of colonialism. This feeling, possibly has some historical basis, probably all starting with the difficulties leading to the Riel rebellion in 1885 which was brought on by ignorance of western conditions and indifference to prairie aspirations.

Between the rebellion of 1885 and the First World War the West was far too busy coping with the substantial number of immigrants coming to that part of the country to pay any heed to the grievances it might have had. There was, during those years, a commercial real estate and construction boom financed by eastern money. This money flow seemed to be arbitrarily shut down about 1913 when writs of foreclosure began to replace loans, and eastern bankers were blamed for extracting their pound of flesh. It has been stated as a fact that branch managers in the West pleaded guiltless and blamed policy decisions on head offices, a circumstance which helped to solidify prairie antagonisms. At that point in time, as it came clearly evident to western Canadians that they were somehow a captive market of the tariff-protected eastern manufacturers while paying freight on everything imported from eastern Canada, westerners felt they were obliged also to pay freight on everything they sold. Successive disastrous crop failures and wheat price levels wrought havoc over a period of