

*Alleged Decentralization of Policies*

speaker plans to deal more extensively with this particular topic. I should like rather to concentrate on federal-provincial relations.

No doubt the House is aware that the federal-provincial fiscal arrangements bill which was before the House yesterday was a product of some two years of consultation and meetings of ministers and officials. The Ministers of Finance and Provincial Treasurers held their 12th meeting recently in Jasper. For the last few years it has been a policy for these ministers to meet at least quarterly to discuss matters of mutual interest to both levels of government. I might say that all sections of the draft fiscal arrangements bill were thoroughly discussed at these meetings of federal and provincial ministers and many changes were made in the draft bill as a result of these consultations.

A large part of this bill dealt with equalization, whose purpose is to allow each province to give to its citizens a level of service at least equal to the national average, without having to resort to unduly high levels of taxation. In addition, the federal government will guarantee that provincial revenues will not be less than their revenues of the previous year. This 100 per cent revenue guarantee is another example of a federal contribution to provincial fiscal stability. This is the very essence of the bill, and that is why I am somewhat surprised that the motion does not acknowledge the extent to which the federal government has recognized the growing needs of the other levels of government.

• (1250)

For example, in 1960, before transfers, the federal government share of total government expenditures was 61 per cent compared to a provincial-municipal share of 39 per cent. In 1970, the federal share had decreased to 52 per cent, while the provincial-municipal share had increased to 48 per cent. In 1970, after transfers, provincial and municipal governments accounted for 60 per cent of total government expenditures. The trend to decentralization is clearly shown in these figures, I suggest.

On the matter of decentralization, I should like to draw to your attention another example of the federal effort to recognize the different levels of economic activity existing in the country. For instance, the Special Development Loans Program of 1970, and this year's Federal-Provincial Employment Loans Program, allocated funds for provincial and municipal projects on the basis of the level of unemployment existing in each province. The first program, for instance, recognized the high level of unemployment which existed in British Columbia in the winter of 1970-71 and allocated some \$37 million under this program to the province. This represented 23.1 per cent of the total \$160 million in the program. Under this winter's program, because the unemployment had dropped considerably in British Columbia, its allocation was less. Ontario, on the other hand, which was allocated just over 10 per cent of the funds in the first program, saw its allocation rise to 16.5 per cent under this winter's program.

At the finance ministers conferences the economic and fiscal situation and outlook is always the first item on the agenda. This is especially important for the January meet-

[Mr. Drury.]

ing each year because it provides the most current information on the economy to enable the governments to plan their budgetary strategy for the period ahead. There is a very frank interchange of information on a confidential basis at these meetings.

There is also a Federal-Provincial Continuing Committee on fiscal and economic matters which is composed of senior financial officials from both the federal and provincial governments, and which services the ministers. As well as engaging in joint fiscal and economic studies as directed by the ministers, this committee does the preparatory work for the ministerial conferences. It held its fiftieth meeting just prior to the Jasper meeting of ministers. An example of the type of work in which the committee is presently involved is an analysis of the employment program at not only the federal level but also at the federal-provincial, federal-municipal and provincial-municipal level. This mandate for the evaluation was given to the ministers of finance and provincial treasurers last fall by the first ministers. The Continuing Committee is now conducting this evaluation with a view to reporting to the next federal-provincial conference of their ministers.

The terms of reference given to the committee were essentially those which were contained in the communiqué from the federal-provincial conference last November. These terms of reference proposed a joint examination of the relevant programs to evaluate their effectiveness, assess any problems which had been encountered, and propose criteria and guidelines that might be applied in the design of contingency plans of a similar nature. The ministers also expressed the hope that this committee might be able to submit at least a preliminary report in May, having in mind the relevance of such an evaluation to proposed contingency planning for similar programs in the future.

In addition, I would like to emphasize that since the present government has taken office, not a year has passed without there being a discussion at the summit level of the fiscal and economic situation. Before concluding, I should like to turn briefly to the monetary policy. The Fathers of Confederation in their wisdom clearly gave the responsibility for the management of money in the Canadian economy to the federal government.

Canada's widespread branch banking network, which is part of a well developed capital market, enables funds to move freely throughout the country. In a country with one currency and a single capital market, you simply cannot have a basic monetary policy for one part of the country which is different from the policy applied in other parts. Even if one could somehow contrive to make credit in general cheaper in one part of the country than another, capital would inevitably flow to the places where it could get the highest return; nothing of value would be accomplished for the less prosperous regions which would find it even more difficult to raise their capital requirements. This does not mean that the monetary policy is insensitive to regional conditions. In formulating national policies, the government and the Bank of Canada do take into account the circumstances in all parts of the country. As well, the Minister of Finance (Mr. Turner) and the Governor of the Bank of Canada have, from time to time, asked