

*Dominion-Provincial Relations*

The Minister of Finance does not seem to be really aware of what the equalization payment amounts to, because as reported at page 3847 of *Hansard*, when he was giving his explanation at the resolution stage he described it in this fashion:

It takes the average of the two top provinces in the matter of personal income, the per capita income, and makes provision for a federal grant, an equalization payment, designed—

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—to bring the per capita income in each province up to that average.

It would take far more than the revenue of this government to bring personal incomes in the provinces up to that average.

**Mr. Fleming:** There is a word omitted.

**Mr. Sinclair:** Yes, there is a word omitted. But the minister did not make that correction, and as far as the record is concerned that is the formal explanation of the minister on equalization payments.

**Mr. Fleming:** I may tell my hon. friend that I have not yet had time to read over the *Hansard* of that day. That will be corrected, because there is a word omitted.

**Mr. Sinclair:** I would point out again that you have a great many able officers in your department who no doubt were prepared to advise you that you had made a very serious error there. We, of course, know you do not consult them as much as you should. That leads me to the third principle, namely this matter of stabilization, a very important point, and a point which is in this legislation, I say with pride, primarily because of the representations of Premier Hart of British Columbia, who wanted this sort of guarantee. The provinces, when they gave up these direct fields of taxation to the federal government, wanted some stability of revenue in return. It was because of his very determined representations that this principle was incorporated, in these agreements, a principle which is of immediate advantage not only to Prince Edward Island, our smallest province, but to British Columbia, our biggest and fastest growing province.

**Mr. Lesage:** Not the biggest.

**Mr. Sinclair:** The biggest as far as the future is concerned. This principle of stabilization is one which successive premiers of British Columbia and premiers of Prince Edward Island have championed with vigour at each dominion-provincial conference. Premier Johnson of British Columbia and only this spring Premier Bennett of British Columbia put up a very vigorous battle on behalf of this third feature, namely stabilization. But

[Mr. Sinclair.]

the minister, when he made his own calculations away from his staff in order to announce those figures to parliament, forgot this principle of stabilization.

Let me tell you, Mr. Speaker, that no officer in his department who had worked on these agreements over the last 16 years could ever forget stabilization. No person who went to those conferences held over in the Senate chamber during sessions of parliament in recent years could forget the pleas made for stabilization by the premiers of British Columbia and Prince Edward Island. No one, I say, who had really studied the proposals of last spring could have failed to realize that this was one of the most essential parts of this three-part dominion-provincial fiscal arrangement. The minister, of course, forgot. I say that not in the history of finance ministers since Lord Randolph Churchill forgot Goshen has a minister of finance had so remarkable a lapse of memory.

What is the consequence of the minister not knowing his own legislation and not consulting his own officers? He sent out these telegrams, some delivered and some not delivered. I have not heard from Premier Bennett, because he does not keep in close touch with me. Whether or not he received his telegram, I do not know. I have learned that neither Premier Douglas nor Premier Campbell did. But that Saturday evening in the Vancouver *Sun* and the Vancouver *Province* were these great, flaming headlines: "B.C. Gets \$5½ Million", and there were ringing statements by all the leading Tories about what a wonderful thing this was, British Columbia getting another \$5½ million.

The correction the minister made on Monday apparently did not make much of an impression in the press gallery, it was done so quietly. As a matter of fact it was done so quietly he did not even mention it to the members here until the members looked at the table and suddenly found that the table prepared by the Department of Finance was different from the figures put on record by the minister on Saturday. So in Monday's papers the people of British Columbia were still led to believe that we were getting \$5½ million more. Tuesday's papers are not in yet, but I am sure they will contain headlines of a very different nature.

I am eagerly awaiting Premier Bennett's comments on being told that because of the minister's refusal to consult his own staff on the calculations, British Columbia is just getting half what it expected, namely \$2,800,000 instead of \$5½ million. When the minister said last night that he did not mislead anybody, all I can say is that the people of British Columbia who read these two great