

*Interim Supply*

In putting forward this arrangement, Mr. Chairman, there has been some charge made, if I can use that word, that this represented a capitulation on the part of the federal government, more particularly to the provincial government of Quebec. It is interesting to note in respect of the charge of capitulation, that the premier of Quebec, when he went home over the week end, was charged with having capitulated to the federal government in Ottawa. We must try, therefore, to find out who capitulated to whom.

The fact is, of course, that there was no capitulation. It is very easy, therefore, for me to answer the question asked on November 27 by the right hon. Leader of the Opposition, which appears on page 5156 of *Hansard*, when in referring to a brief which had been presented to the dominion-provincial conference by the premier of Quebec, the Leader of the Opposition said, "Can he say whether it is the intention of the government to capitulate to this ultimatum, as has been the case in the past?" I repeat, Mr. Chairman, there was no ultimatum and there was no capitulation. There was consultation. There were concessions, and there was an agreement.

Now, the next question dealt with conditional grants and shared cost programs. As a result of the discussion of this important matter, the conference agreed to set up a working group to study the need for conditional grants and shared cost programs, in preparation for the next federal-provincial conference which will take place early in 1964. No date has been fixed, but it will probably be in February or in March. The conference has been invited, and I think this will be a precedent, in that it will be the first time a federal-provincial conference has met outside of Ottawa, to meet in Quebec. My hon. friend, the Secretary of State, with his encyclopaedic knowledge of these things, tells me I am wrong and that a conference has met out of Ottawa once, and it met in Quebec.

This conference, which it is proposed to hold in February or March, would be in a sense a continuation of the meeting last week to deal with other aspects of fiscal relationship and continue consideration of what was done last week, relating that consideration to what will be done about the shared cost programs. As I have already said, there are important financial implications about the action which may be taken in regard to these programs. In a sense, then, this will be a follow-up of the meeting last week.

The next matter on my list that was discussed was hospital insurance and costs of operation. Here, it was agreed that there should be an early conference of ministers of health to discuss hospital costs and related matters.

Then, we dealt with the question of categorical assistance programs. One of the constructive changes that was made in the first draft of the communique was to eliminate the word "categorical" which seems to be attached now to these assistance programs. It was agreed that an additional \$10 per month would be paid under the welfare programs for old age assistance and for blindness and disability allowances. These are the three categorical assistance programs. There have been a great many questions asked in the house in recent weeks as to what we were doing about this part of the federal program, and in return we have replied that we would wait until the conference met so we could find out what the provinces desired. At the conference it was agreed we should take the step I have just mentioned and we will proceed to do that as soon as possible.

Then, under this heading it was agreed also to establish a working group, a federal-provincial working group to review the operation of all joint welfare programs in preparation for a discussion by the ministers at the next conference. This will be to prepare for the work of the next conference in this particular field.

**Mr. Douglas:** May I ask the Prime Minister a question? Did the provinces not agree, in agreeing to the \$10 increase, that they would raise the allowable income ceilings?

**Mr. Pearson:** Yes, there was unanimous agreement to that effect and I should have mentioned that. I am not sure of my figures, but I think the allowable ceiling has been increased to \$1,260 from \$1,140.

We discussed, though rather briefly, the question of the agricultural marketing boards, which matter was on the agenda. After a preliminary discussion that matter was referred to a meeting of federal and provincial ministers of agriculture which is to take place in Ottawa this month.

There was a discussion of Indian and Eskimo affairs, in the course of which we agreed that the objective was to achieve closer association of these Canadians with the lives of other Canadians; and that native people should be consulted as fully as possible so as to obtain their support and co-operation in the realization of this objective. It was decided that a federal-provincial ministerial conference should be held in May 1964 to discuss Indian affairs.

The next item on the agenda was the question of provincial lotteries. There was some discussion of that matter and a special meeting held of the Minister of Justice and the attorneys general. There was a strong desire on the part of one province to have the Criminal Code amended to make lotteries