

Federal-Provincial Relations

The national adjustment grants be subject to review by an independent advisory commission every five years, and that this commission would recommend to the dominion an increase in the adjustment grant whenever a provincial government established that it could not supply Canadian average standards of service and balance its budget without taxation (provincial and municipal) appreciably exceeding the national average in relation to income.

I think these two statements set out very clearly the position in which the poorer provinces of Canada find themselves, and the responsibility of the federal government to help those provinces not in a position to help themselves. If that famous promise we heard prior to the last election of a just society is ever going to be anything more than a flimsy and meaningless promise, every citizen must have the right, first of all, to acquire an adequate income and, second, to enjoy those essential public services available in the richer provinces of this country. The federal government must be made to realize that the major burden of financing regional growth problems is its responsibility. Why must it be the federal government's responsibility? It is primarily because money is necessary to do this job and, unfortunately, the poorer provinces just do not have the money nor do they have the opportunity to raise it through taxation.

The hon. member for Calgary South (Mr. Mahoney) has pointed out some of the grants that are made to the provinces. We recognize and appreciate them, but let us not lose sight of the fact that the federal government alone has access to the growth fields of taxation. The federal government imposes income tax; that is a growth field of taxation because it grows as the incomes of the people grow. The federal government had the right to succession duties until it abandoned that right, whereas the provinces and the municipalities within the provinces are limited to personal and real property taxes. These are not real growth fields, as the amount of money that can be derived from them is very limited. Since the federal government has access to growth fields of taxation, it should be providing the poorer provinces with the money required to ensure their citizens an adequate standard of living. In my province the average annual per capital income is away below the national average, so it is impossible to raise through taxation, the amount of money required to provide, in many cases, even the essential services of government. The unemployment rate is the second highest of any province in Canada.

A study of capital investment within the province will indicate its poor financial situation. I do not have up to date figures, but those I have show that from 1966 to 1969 capital investment decreased. In 1966, new investment stood at \$56.9 million; in 1967, it dropped to \$45.5 million, almost 20 per cent; in 1968, it dropped again to \$43.9 million, a 3 per cent drop and in 1969, it dropped by 12 per cent. This indicates a steady decrease in capital investment within the province. Our business establishments are small and 75 per cent of firms have sales of less than half a million dollars a year. Perhaps the most important aspect of all, Mr. Speaker, is the fact that many of our young people who are just entering the productive years of their lives are leaving the province because they cannot find jobs. When the province entered Confederation in 1873 the population was 97,000 and today, 99 years later, it

[Mr. McQuaid.]

is 110,000. That is an increase of 13,000 people in 99 years or roughly 130 people per year.

Another very important fact is that of this population of 110,000, 13,347 or 17.93 per cent are 65 years of age and over and that is the highest percentage in any province in Canada. I may suggest, Mr. Speaker, that this group is beyond the productive years of their lives while young men and women are leaving in their most productive years. We rear and educate them at a cost of \$23,000 per child. This is the figure issued by Statistics Canada. Just as they reach the age where they are able to contribute to the economy they have to leave for some other province or some other country in order to make a living. Our population is therefore, unfortunately, made up of a disproportionate percentage of the very young and the very old. We know that the very young and the very old, rather than contributing to the public treasury, are in some cases beneficiaries of government programs and are therefore drawing from the Treasury. This is one of the reasons we cannot raise sufficient money through the medium of taxation to provide our people with a reasonable standard of living.

• (1700)

I say that the gap between personal incomes earned in my province and those earned in Canada as a whole must be narrowed, and this can only be accomplished by the generation of income within my region. We must provide some means for generating income within the region itself. The logical way to do this, of course, is by bringing in industry. If industry is to settle in our province, it must be encouraged to do so by the federal government by way of subsidies and monetary assistance of that nature. Unfortunately, we are so situated that practically all the raw materials our industries require must be brought in at considerable cost. The finished product must be shipped out again at considerable cost. For that reason, industry in my province ordinarily has not been able to compete with industry located in the other parts of Canada where, possibly, raw material is available and from where the cost of shipping to the markets of the world is not as great as it is from my own province.

I know and appreciate that the federal government has given a considerable amount of assistance to my province through its famous development plan. That plan was traded for the construction of the causeway. It was originally planned that there would be a connecting link between Prince Edward Island and the mainland. This government saw fit to abandon that idea and it gave us in return its famous development plan. After careful analysis I can only conclude that the federal share of new money, and I am speaking about new money now, that is to be injected into the economy of our province by virtue of the plan is to be practically nil. The plan involves \$725 million to be spent over a 15-year period. At least, the agreement calls for \$725 million to be spent over a 15-year period. Of that \$725 million, only \$225 million is to be contributed by the government of Canada; that represents \$225 million over a 15-year period, Mr. Speaker. I suggest that we should look at that \$225 million, analyze what that money represents and see what is actually involved in this plan.