

Dominion-Provincial Relations

But since this is a federal-provincial tax-sharing arrangement we would prefer to have this done in a manner which would not give it the appearance of a hand-out. I am sure people reading the *Hansard* record of this debate will get the impression that this is just one more act of charity on the part of a generous central government to the poverty-stricken Atlantic provinces. We do not like being placed in the position of a poor relation depending upon the benevolence of a generous central government, and I think something should be put on the record to correct any such impression, because there is another side to this picture.

Prior to confederation Newfoundland was in a position to make her purchases in the cheapest markets and to sell her products in the highest priced markets we could obtain. When confederation took place we became imprisoned within the high tariff walls of the Canadian economy, and for that reason we became a captive market, primarily of the two great central provinces. That market is worth several hundred million dollars, particularly to those provinces. I do not know that it is possible to estimate the value of this market very precisely, but it has been placed at between \$200 million and \$300 million per year. If the position could suddenly be reversed, mainland Canada today would be in the situation of losing one of her most important markets abroad.

So while we are grateful for this much-needed assistance we want it to be understood that we are, on the other hand, offsetting that generosity by the contribution we ourselves are making to the welfare of other parts of Canada. These purchases of \$200 million or \$300 million yearly add up to a great many jobs in the central provinces and, in addition, increase the profits of the corporations which benefit from this trade and which contribute directly or indirectly to the revenue of the federal government.

Thus, Mr. Speaker, we feel that grants of this nature should be distributed in accordance with a formula which takes into consideration the fiscal needs of the provinces concerned and the contribution they are themselves making to the general economy of Canada; and also that they should be made in such a way that these grants can be given as a matter of right in the knowledge that they are available on exactly the same basis to every other part of Canada.

Some reference has been made to the benefit these grants will bring in offsetting the unemployment situation. Just how it will benefit unemployment in my own province it is difficult to say. We do not have very many municipalities organized in such a way that they can undertake any great programs

of public works. We feel that although a federal grant to the province is one way of meeting the unemployment situation, it is not the best way. We believe that the best way of offsetting unemployment is by means of a national development program, and we urge the government to push ahead with the national development program to which reference is made in the speech from the throne.

This does not necessarily mean huge expenditures. The soundness of the economy of any country does not depend on huge loans or developments by huge corporations. In my opinion the soundest way to make jobs available in our own province is by helping the small enterprises and the small businessmen. I personally would like to see the industrial development bank charter modified to enable it to give more assistance to these people than it is able to do at present. The development of Canada and its resources is a necessity, even if it has to be done in the face of economic handicaps.

I believe that the federal government would very well be justified in expending money on worth-while schemes in these provinces even if they were not economical at the beginning, because unless every part of our country is developed evenly we cannot have equal opportunities across Canada and will always be dependent on some sort of hand-out or supplementary grant from the central government. What everybody in the Atlantic provinces really wants is to be able to stand on his own feet, earn his own living, keep up his own end of the Canadian economy and stay in step with the rest of Canada.

Mr. A. J. MacEachen (Inverness-Richmond): Mr. Speaker, I wish to make a few brief remarks in connection with this bill. First of all I wish to share the sentiments that have been expressed by the hon. member who just took his seat and those expressed by the hon. member for Shelburne-Yarmouth-Claire, who expressed the view that the most desirable form of assistance to the Atlantic area is in the form of economic development so that incomes in that area will not be below the Canadian average.

As has been stated by several hon. members from the Atlantic area, there is certainly agreement that this bill will provide a measure of assistance to the hard-pressed treasuries of the Atlantic provinces, and for that reason it is welcomed. However, in my remarks I wish to address myself to one particular phase of the legislation that was introduced by the Minister of Finance, who in presenting the resolution to the house on Monday, January 27, as recorded at page 3847 of *Hansard* said: