

ingly considered unacceptable.² During the course of our hearings we heard a number of witnesses attempt to explain why this is so.

Some witnesses suggested that regional economic disparities perpetuated "unequal opportunities" among Canadians. The C.D.Howe Research Institute argued that "the economic situation in a region should not be allowed to deteriorate to the point where relative economic benefits and opportunities are no longer sufficiently attractive to sustain a viable population base". (4-30-8A:2)³ Others claimed that disparities should be fought because they stem from past government policies designed to foster growth in central Canada. Premier Hatfield of New Brunswick told the Committee that "programs like DREE, equalization, and so on are almost penalties imposed on the taxpayers of the wealthier provinces, because of the bad policies or the policies that favoured them years ago, and still do." (1-32-18:22) More practically, some witnesses viewed the efforts to reduce regional disparities as essential elements of a strategy to improve overall national economic growth. Professor Ben Higgins maintained that "... reducing regional gaps is not something to be sought only on grounds of social justice or political expediency, but because reduction of regional disparities will contribute to the achievement of virtually all objectives of national economic policy, including that of reducing inflation and unemployment". (4-30-6:6)

Still others, including the former Minister of DREE, the Honourable Marcel Lessard, argued that regional disparities could not be left unresolved if Canada is to remain united. "...[T]he fundamental objective of national unity requires that all regions of Canada possess enough economic activity to provide reasonable opportunities and decent levels of public services for all Canadians." (3-30-3A:4)

All these arguments have some degree of validity. Regional disparities do create unequal opportunities among Canadians in terms of education, social facilities, career choices, social development. Disparities strain the fabric of national unity and create feelings of inequity in the less developed regions. Disparities represent a waste of Canadian natural and human resources. And because Canadians strive through transfer programs to alleviate the hardships caused by disparities, the economic development and the wealth of other parts of Canada is eroded.

For all these reasons, Canada cannot allow disparities to continue to the same extent as at present. However, this conclusion needs qualification:

- Disparities cannot be reduced just by pouring more money into the less developed regions. Such transfers may simply serve to reinforce the status quo without ensuring the real changes needed to remedy the existing problems.
- Efforts to reduce disparities should not place too onerous demands on the stronger parts of the Canadian economy. Even the healthiest sectors and

² Appendices A and B contain a brief assessment of the scope of disparities in terms of incomes and employment and a collection of statistical indicators of disparities.

³ The numbers refer to the session, the parliamentary number, the proceeding of the Committee, and the page number. For example, 3-30-3:5 refers to the third session of the thirtieth Parliament, proceedings of Committee number 3, page 5.