

*Federal-Provincial Fiscal Arrangements*

major attempts to see that these provinces are put on a viable, resourceful footing of their own.

We see the situation in which, under equalization, we shall see transferred something like \$2,195 million in 1976-77, whereas the Regional Development Incentives Act will be responsible for transferring less than \$100 million. Indeed that is one substantial program which, according to the estimates tabled the other day, is to be reduced by some 10 per cent. That means, if one takes into account the over-all increase in expenditures, a reduction over-all between 15 per cent and 20 per cent.

It seems to me that the story of federal-provincial fiscal relations and arrangements is as tortuous as any you will find. As the Rogers report has pointed out, since 1869 various attempts have been made on the part of the federal government to make an equitable transfer between the various provinces, in order to assist the eastern provinces, particularly eastern regions which find it difficult to operate on an equal footing with the rest of the country.

Almost yearly one hears threats, complaints, and representations. One hears demands for new deals, threats to separate, and appeals to the imperial government. But there is one clear, consistent theme in all of this: it is that a number of provinces and regions have seldom received an equitable deal. Indeed, if I may use the example of Nova Scotia prior to Confederation, Nova Scotia had expenditures of \$664,000. With the loss of customs and excise revenues to the federal government, it received total revenues of only \$107,000.

The history of the maritime provinces in many instances is that of inadequate financing, while provinces which had the advantages of being centrally placed and able to formulate their own industrial base protected by tariffs were able to show budget surpluses. The Royal Commission on maritime Claims in 1926 concluded that the level of grants given the Maritimes before 1907 had not been just, and that even with the major fiscal adjustments of that year they were still based on an inadequate adjustment of what the dominion government should concede by way of grants.

The problem with which we must grapple, along with the complexities of this bill, is whether or not the arrangements which have been put before us and which were generally agreed to by the provinces in December hold out the danger of fundamentally increasing the sorts of disparities which exist now. When we look at the situation in the five eastern provinces specifically, and the swelling of the unemployment rate which has taken place in the past several months, we cannot be sanguine about this kind of proposed agreement and about the services which will be provided under this arrangement. We want to be sure that the formula and framework which is being presented here will not be so rigid as to prevent effective action for dealing with disparities of income, employment, or unforeseen developments which may affect either existing revenues or bring about, indeed, a shortfall of revenues, or excessive costs in certain programs of the poorer provinces.

The other thing which disturbs me, is that, despite the negotiations which have gone on for the better part of the past

year, there is no clearly defined commitment in terms of the standard of service to be achieved, and there has been little consideration of the impact of particular services within areas of acute economic and social disparity.

As I said at the outset of my remarks, one of the difficulties we faced in the past was the government's adversary approach in the field of federal-provincial relations. This has not happened once, in isolation. This course has contributed to the growing misunderstanding between the various regions of the country. When we look at the present state of Confederation we cannot be comfortable or feel confident about what is happening. What bothers me more than anything is the fact that misconceptions, misunderstandings, confusion, yes, even anxiety, exist in several regions of the country with respect to other regions.

What has contributed to these misunderstandings? Surely it is the fact that on a number of occasions the government, in attempting to resolve its own particular position, has reinforced some of the fears, misunderstandings and anxieties which exist. We have had enough of the confrontationist approach to federal-provincial relations, enough of unilateral actions which can undermine the confidence of provinces and the people of those provinces not only in the federal government but in the federal system itself. We need, more than at any time in recent years, a clear understanding of what our basic needs and requirements are, not only in specific localities where we, as individuals live, but in a total sense. We need to know, all of us, the various needs and requirements of the various regions of this country.

In addition, we need some sense of each other's worth. We spend so much time lamenting and listening to the problems being experienced in other parts of the country that we forget that in this unique experiment, Canadian confederation, we have each of us contributed our own gifts in the formation of this unique national enterprise. It is terribly important for us to identify the virtues which the various regions and provinces of this country possess, and show how we can all reinforce one another, to make Confederation stronger.

I suppose, in the final analysis, the responsibility rests heavily on the members of this House. It rests on members on all sides of this chamber who must realize that, individually and collectively, we represent a wide spectrum of opinion and aspirations existing in this country today. If these cannot be clearly stated and understood in the course of the next few years, if we cannot have a more frank discussion than has been the case, especially prior to the introduction of the bill we are now discussing, we will not contribute much which is positive or worth while in any attempt to re-invigorate and renovate Confederation, a confederation which has served us well for the last 109 years. Certainly that confederation can serve us a great deal better if we know which weaknesses need to be dealt with in Canada and where the strengths are which can be enhanced.

Although the Minister of Finance is not present in the House this evening I hope he will take very much to heart the suggestions made by the Leader of the Opposition (Mr. Clark)