

*Federal-Provincial Fiscal Arrangements*

psychology is created in the country which is destructive of the better instincts of the people.

I wish to emphasize another aspect which is not yet in the bill, but should be an integral part of any equalization policy. Freight rates across Canada must be equalized if this country is to survive. There must be maximum amounts allowed on the movement of any goods, not just wheat or grain. Something is being done in those fields because we recognize the merit and justice of doing it. All goods should move at equalized rates across the country. Perhaps if we did that, we would remove some of the great anomalies that exist between one part of the country and another. Perhaps it would cause a great many less problems than DREE and other programs in which we are involved. This would enable people in any part of to Canada effectively compete in the central markets of Canada and the international markets of the world. This is all they are asking. They are asking that the disadvantages be removed, not that they receive subsidies, bonuses or industrial grants. They want to start off reasonably equal. I can think of some plants in the Maritimes that have closed for only one reason. The cost of shipping their goods to the central market was too high. Had there been an equalization program of freight rates, a great deal more could have been accomplished.

I see that Your Honour is going to rise. At the time Your Honour rises to announce that my time has drawn to a close, possibly you could ask if the House will consent to my continuing. I will not be very long.

**The Acting Speaker (Mr. Laniel):** Does the House give consent to the hon. member completing his remarks?

**Some hon. Members:** Agreed.

**Mr. Saltsman:** Thank you Mr. Speaker. I also thank members opposite for according me this courtesy.

The matter of equalization of freight rates is of paramount importance. If freight rates were to be similar in terms of distance, so that distance would not be a disadvantage, many areas of Canada that were once prosperous would not be declining today. We forget that the maritimes was once a prosperous part of this country. It was only when the central market in Ontario developed, as well as the market between Ontario and the northern United States, that the Maritimes began to suffer a decline. If freight rates equalized distance, we could solve a great number of our problems.

We should recall that this country was built in defiance of geography. The lines of trade always wanted to run north and south. In order to build a nation, we insisted that they go east and west. We never followed the logic of that argument by saying since the country was made in that particular way that transportation, rail and air in particular, should be operated as a public utility, paid for out of the taxes rather than the phoney kind of corporations now in operation. I go further. Not only should freight rates be equalized for all industrial products, but this equalization principle should be extended to passenger service as well. It should be possible for people who live on one shore of Canada to travel across this beautiful land to the other shore without having to pay the present enormous transportation costs. If we are serious about tying this nation closely together, and about getting

[Mr. Saltsman.]

people from the east and west as well as the English and French speaking Canadians to know each other better, we must have a more intelligent transportation policy than that which now prevails.

It is ridiculous when a national airline such as Air Canada follows the examples of other airlines and makes it less expensive for Canadians to travel an equivalent distance to Europe than to travel in their own country. The opposite should be true. Perhaps we should extend this to tourists from outside Canada. We should be prepared to tell them that if they visit Canada their travel will be made easier in order to give them an opportunity to see this great land of ours. This is very important. It has been part of the program of my party for a long time, and I think it has also been the position of the western provinces.

Some of the eastern provinces have argued in favour of preferential rates. I do not like that. It is not preferential. We must remember that parts of Canada which are poor today may be rich tomorrow, just as parts of Canada that were rich yesterday are poor today. In fact, in nation building there is no assurance that the rich will always be rich and the poor will always be poor. Those provinces which today are handing out money through equalization payments may at some time in the future be the recipients of such payments. The suggestions which we make are not charitable suggestions.

I want to repeat my earlier argument that we must remove the subsidies to private industry through programs such as DREE, which do very little good, and tackle the problem in another way. We have to set up some kind of national standard in order to avoid the provinces being pushed into the position of having to barter off their livelihood one against the other out of desperation. Part of that arises from the inadequacy of the equalization formula, but part of it arises from the desperation of the situation in which they find themselves.

We have to put some teeth into the equalization formula so that if a province with natural resources does not take the tax from those resources to which it is entitled, it should be penalized. This may be a rather harsh position to take, but unless we take this position we are going to encounter a great deal of opposition from those provinces which are fairly taxing their resources. Their argument will continue to be against those provinces which are not matching their taxing position.

The federal government must change its present laws and tax all industries alike. Resource industries must be in the same kind of tax position as the manufacturing industries, otherwise there will be the same kind of resentment that now exists in the manufacturing provinces. The manufacturing industry feels that it is being treated unfairly. It feels it is paying a much larger share of taxes than are other primary industries, and it obviously is.

• (1750)

If we do some of these things, if we make a commitment to total equalization, we could move the country forward. Obviously, for some provinces equality of opportunity is not enough; it means nothing except the perpetuation of poverty. We must commit ourselves to equality of education. Just as is the case with respect to individuals in one family, we must ensure that one province is treated equal-