

*Dominion-Provincial Relations*

Conservatives on federal-provincial fiscal arrangements, and the position we take and that the Liberals have taken as well, is such that the government has no right, just on the eve of an election, to refrain from telling us what their real intentions are by asking us to pass this clearly interim provision. As the Minister of Finance says, this 13 per cent measure is to be in force for one year, from April 1, 1958, to March 31, 1959.

We feel that this government has been most unfair with the provinces, most unfair with the people of Canada, and that it has reneged on its own promises by not resuming the federal-provincial conference early in January as the premiers expected, and by not having this matter settled by a process of agreement at the earliest possible date. We say that to ask us to approve something which is interim in character, when the Conservatives will not make known to the country what they are really going to do in the field of federal-provincial fiscal arrangements, is not good enough for a responsible government. I say to the Minister of Finance that he can wipe out my whole speech, he can make all I have said look ridiculous, if he will answer one question. I did not catch the remark that was made under the minister's breath just now, but I shall give him a chance to rise to his feet in a minute. He can make all I have said look ridiculous and unnecessary; he can put at rest the fears and anxieties of governments and people in the provinces other than those whose revenues are at the top of the list, if he will say categorically on behalf of the Conservatives that if his party comes back to power it will, without question, preserve the equalization principle in the re-arrangement of federal-provincial fiscal matters that will come out of the next federal-provincial conference. I ask the minister that simple, direct, precise question. Will he say categorically that the Conservatives will maintain and preserve the equalization principle in these arrangements?

**Mr. Pickersgill:** I would be happy to let the minister reply if he wishes to do so.

**Mr. Sinclair:** How unusual to see him silent.

**Mr. Knowles (Winnipeg North Centre):** I wonder whether the hon. member for Bonavista-Twillingate would give the Minister of Finance a chance to answer that simple question?

**Mr. Fleming:** I would say that this present bill has carried the equalization principle farther than it has ever been carried before.

**Mr. Knowles (Winnipeg North Centre):** The minister knows very well that that does not answer my question at all. In fact he has

said quite clearly that this is only an interim measure in so far as the change from 10 to 13 per cent is concerned. The reference to the Atlantic provinces is on a four-year basis. There is no argument about that, but he has made it quite clear that the change from 10 to 13 per cent is for one year only and that its application comes to an end on March 31, 1959, which again makes it quite clear that something else, something different, will have to be put into effect before that time for the remaining three years of the present agreement.

I ask the minister, will the equalization principle be maintained and preserved for the remaining three years of this federal-provincial fiscal agreement?

**Mr. Fleming:** Mr. Chairman, I have made it clear in my remarks—I have done it several times already but I suppose there is no harm in doing it again—that the reason we have rejected some of the blandishments of hon. gentlemen opposite is that we are not repudiationists. We have an existing situation here with agreements entered into by nine provinces based upon legislation passed one and a half years ago. We criticised that legislation and we were sound in our criticism of it. The legislation was not fair to the provinces; it did not make adequate provision for the provinces and it did not make adequate provision for assisting the municipalities. We are now trying to make up for some of the deficiencies in that legislation but, when we came into power we found the situation in which nine agreements had been entered into and we are not the kind of people to repudiate agreements entered into in the name of Canada.

**Mr. Knowles (Winnipeg North Centre):** What is your basis for making adequate provision for all the provinces and municipalities if you, presumably, are back in power and have a chance to do so?

**Mr. Fleming:** So far as the immediate situation is concerned—and that is what we are dealing with in relation to the second part of this clause of the bill—it is indicated here in this measure.

**Mr. Knowles (Winnipeg North Centre):** It is obvious that the minister will not answer my question, so we know where we stand.

**Mr. Fleming:** It is obvious that the minister considers himself confined in discussion to the terms of this bill with which we are dealing, in order to meet the immediate situation and the difficulties in which the provinces find themselves, until such time