

It is interesting to note what the Prime Minister had to say in answer to a question I put to him on June 4, 1971, as recorded in *Hansard*, at page 6366. I asked what the Prime Minister intended to do:

—In consideration of the statement made yesterday by Prime Minister Davis of Ontario that he intends to bring forcefully to the attention of the federal government at the Victoria constitutional conference his province's concern over federal policies which create economic hardship,—

RIGHT HON. P. E. TRUDEAU (PRIME MINISTER): No, Mr. Speaker, I must confess I am not aware of what Mr. Davis had in mind. The House will recall that he requested some time ago that an additional day be added to the constitutional conference to discuss economic matters. However, since the federal budget and tax reform will be brought down after the conference, it is my understanding that he has now suggested that this additional day be not added to the conference and that economic matters, particularly those relating to the budget, be discussed some time later,—

As was noted by the hon. member who just resumed his seat, I think this was an Ontario point of view. In a supplementary question I said:

Mr. Castonguay has suggested that Ottawa's policies are the cause of Quebec's poverty, has that province indicated to the Prime Minister the areas of economic policy which it wishes to be discussed at Victoria?

MR. TRUDEAU: No, Mr. Speaker. That seems like a very general statement, such as the opposition often makes.

I think the right hon. Prime Minister missed the point at the conference, that fiscal arrangements between the provinces are one of the most important features of Canadian economic life.

The Speech from the Throne in the Ontario legislature contained the suggestion that Ontario would be pressing for greater federal-provincial accord and there was an offer to host a meeting of leaders of the federal, provincial and municipal jurisdictions. There was a suggestion in the Speech that Ontario was eager to achieve progress in such mixed jurisdictional fields as tax-sharing, constitutional reform and shared-cost reform. The province of Ontario has indicated its interest in these matters and finds them of great importance, as has the province of Quebec, a have-not province which pays less into the federal treasury than it receives and it feels that certain arrangements should be changed.

The province of British Columbia has objected strenuously to some features of federal-provincial relations referred to yesterday by the Minister of Finance (Mr. Turner). Their argument against equalization payments is that the eastern provinces, particularly rich Ontario, has never taxed the resource industries as heavily as would be dictated by their stake in them, although the western provinces have done so. It was suggested that it was unfair to expect them to provide all these services to provinces which have neglected to take steps in that direction themselves. I think the views of the British Columbia and Alberta governments, as aired, should be explored and discussed.

• (1610)

Then, Mr. Speaker, we come to the statement of the Attorney General of British Columbia, Mr. Leslie Peterson, who presented another view on equalization payments. He suggested that the payment of \$5500 million since 1957 by the provinces may, in large part, have been channelled into the expenses of government rather than

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being directed to those who would be directly affected. In any case, I think it can be shown that there is, on the part of all provinces, a valid reason for doubting the effectiveness of the present arrangement. They want to come to grips with the problem and see if something further could not be done.

It is obvious, Mr. Speaker, that the fiscal needs of provincial and municipal levels of government are rising rapidly due to the concentration of their responsibilities in the health, education and welfare fields. There is not in the new bill and there was not in the old, any attempt to measure the levels of expenditure required to attain acceptable levels of public services across Canada. I hope a little later to discuss in more detail problems associated with determining acceptable levels of expenditure in the fields of hospital and medicare services. Mr. Speaker, differences in the costs of providing adequate services and the level of service attained cannot satisfactorily be measured by differences in revenue alone, as Bill C-8 attempts. That is what the minister's predecessor also attempted.

There has been a dramatic rise in expenditures on education, welfare, transport and health. When the present Secretary of State for External Affairs (Mr. Sharp) was minister of finance, he made a statement at one time to the federal-provincial tax structure committee. Later, he made the same statement in the House of Commons. In it he suggested six main principles that arrangements of the sort I have talked about should heed. First, the fiscal arrangements should give both the federal and provincial governments access to fiscal resources sufficient to discharge their responsibilities under the constitution. Second, they should provide that each government should be accountable to its own electors for its taxing and spending decisions and should make these decisions with due regard for their effect on other governments. Third, the fiscal arrangements should, through a system of equalization grants, enable each province to provide an adequate level of public services without resort to rates of taxation substantially higher than the national average. Fourth, they should give to the federal government sufficient fiscal power to discharge its economic and monetary responsibilities, as well as to pay its bills. The idea there is that the federal government should use its fiscal powers for the benefit of the entire economy. The fifth point was that they should lead to uniform intergovernment arrangements and the uniform application of federal laws in all provinces.

The squeeze on municipal and provincial expenditures is apparent, Mr. Speaker, and it is evident that substantial amounts of net transfers will have to be made to provincial and municipal governments if they are to meet public requirements.

The position of the provinces was summed up by the Premier of Alberta, Hon. Peter Lougheed, who said at the Finance Ministers' Conference in November:

We came to this conference and the preceding Finance Ministers' Conference. . . . We were confronted, without adequate advance discussion, with new fiscal arrangements of a five year duration initiated unilaterally by the Federal Government—supported by some provinces and clearly not by others. Yet we are forced to the wall without any adequate forum for discussion, dialogue and exchange of opinion other than the limited time available at this