

It seems that we are in a situation where, on occasion, the Prime Minister's rhetoric has been very clear in dealing basically and directly with regional inequality. But nine years after he assumed office there are still no clear goals. Perhaps what is worse there are no accepted or defined strategies with respect to closing the gap—the income gap, the opportunity gap, the employment gap—that exists between the several regions of this country, and between those who are poor and depressed and those who are more affluent. Measured by several criteria we can discover very quickly that in some instances the gap has actually grown.

The major weakness I find in the legislation we are discussing tonight are that it does not take into account disparity of income, unemployment, and opportunity, and it does not allow for the very real differences that exist in the cost of living.

Some hon. members may recall that last December, at the time of the conference between the Minister of Finance and the provincial governments, I asked the Prime Minister specifically about the related aspects of this particular discussion. As reported at page 1677 of *Hansard* for December 6, 1976, I put this question to the Prime Minister:

Last June I questioned the Prime Minister about the possible negative effect of the proposed fiscal arrangement amendments on the have-not provinces. He assured this House then that the changes would prove advantageous to those provinces. In view of statements to the contrary by a number of provincial ministers can the Prime Minister now state definitely that these proposals will maintain the previous commitment to narrow the disparity in social services between provinces, and in particular take into account the increasing phenomenon of very high unemployment in these particular provinces?

The Prime Minister replied:

Well, Mr. Speaker, on the last part of the question the proposals are not by themselves directly meant to deal with the unemployment problem. They have to do with social services, post-secondary education and medical and hospital care being part of the social services. The fact that some provinces object to them is not surprising. The provinces all come to Ottawa in the hope of getting a greater transfer of money or tax points. This is part of the routine of federal-provincial conferences. I told the House last year and I repeat now that these programs as they are being proposed, particularly the establishment of interim financing proposals, are meant to give the provinces a much greater degree of autonomy in the application of their programs and will still guarantee they will get the money necessary to fulfil those programs.

There were additional questions and answers which I will not put on the record again, Mr. Speaker, but the way in which they are presented gives a clear indication that the Prime Minister seems to fail to realize that in the kinds of major agreements being presented to the House today, and the transfer both of tax points and revenue, we are not dealing just with a "stabilization", to quote the Minister of Finance, of the present situation. If we are, surely we are condemning more than half the provinces of this country to being, in the common term, have-not provinces. I say that there is no attempt, either in the comments of the Prime Minister or perhaps more important, in the provisions of this legislation, to close the gap, or to deal effectively and directly with the problem that has plagued parts of this country since the time of Confederation.

I should like to quote from the report of the Royal Commission on Maritime Claims made in 1927 which had this to say:

We are bound to keep in mind that the depressed condition of the Maritime provinces, the contraction there has been in the revenue from their natural

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resources, and the absence of large-scale commercial and industrial enterprises make the problem of provincial taxation for them a very serious one indeed.

That is not a quote from the Atlantic Provinces Economic Council or from the Atlantic provinces chambers of commerce during the past few months but, as I said, from the Royal Commission on Maritime Claims 50 years ago. It does not appear that the message has been heard.

Mr. Breau: Of course it has.

Mr. MacDonald (Egmont): My friend from New Brunswick will have an opportunity to explain in what way the measures before us are going to—

Mr. Breau: You people keep on speaking.

Mr. MacDonald (Egmont): There are all kinds of opportunity, Mr. Speaker, and I am surprised that the hon. member is so bashful. Perhaps he finds it difficult to defend the legislation or to explain it in terms of closing the disparity gap about which we are both concerned. He is concerned about the problem in New Brunswick, and I am concerned about the problem in Prince Edward Island. I am sure the hon. member does not intend to stabilize disparity. I think he wants to believe that if we are going to arrive at an equitable agreement covering the next five years, at the end of that time these particular programs will have assisted, not detracted from the single role we all have in mind, that of putting the provinces of the Atlantic area on an equitable footing with the rest of the country. If the hon. member wants to speak on that and support that concept, I will give him my wholehearted backing.

• (2020)

To point out the difficulties which the federal government seems to have in perception, let me quote from the report of another commission which did not sit quite so long ago as the Duncan commission in 1926. I quote part of the Rogers report of 1934, with respect to the Nova Scotia submission on dominion-provincial relations, as follows:

The over-emphasis on money grants as a solatium for provincial grievances not only served to obscure the fundamental difficulties of the Maritime provinces within the federal system established by the BNA Act, 1867, but in its later development did much to disturb and vitiate the relations between the dominion and the provinces. In Ottawa it created an impression that disaffected provinces could always be bought off by a money payment. In Halifax and in other provincial capitals it suggested that the financial embarrassment of a province might be relieved by additional or increased subsidies from the dominion, secured as a result of a revival of old grievances or the formulation of new claims for financial aid. It is not intended to suggest that a revision of the financial arrangements of union was not necessary in 1869 or at later periods. This subject will be dealt with in due course on its own merits. It is important to observe, however, that the precedent created in 1869 gave a direction to the claims of Nova Scotia which had an unfortunate bearing on its relations with the dominion. It overstressed the importance of increased subsidies as a remedy for the economic difficulties of the province, and diverted attention from the more important task of securing an investigation and revision of those features of the federal constitution and of federal policy which have had a more important, though less obvious, effect on its economic position.

I have quoted part of the Rogers report of 1934 which reflected on the fact that subsidies or fiscal transfers in themselves are not enough and that we must make other,