

*The Address—Mr. Bourget*

present government has failed with regard to the employment problem?

What is more unfortunate is that during the first three years of the present Conservative administration, in spite of repeated requests from the opposition, labour unions, various public bodies who begged it to take the measures called for under the circumstances, the government kept on denying that the situation was abnormal. It was satisfied stupidly to contend that the situation was only transitory and that it would disappear with the snow.

Mr. Speaker, the situation will undoubtedly right itself, not with the disappearance of the snow, but rather with the disappearance of the Conservative government which has now been in power for four years.

I am sure nobody will dispute the fact that it is very difficult to find a way to solve a problem when one denies that it exists. It will have to be admitted—and saying this I am replying in part to the arguments of the Secretary of State (Mr. Dorion)—that the Liberal opposition was not content with criticizing, but in many instances offered suggestions which would surely have improved the situation had they been implemented.

The only action of the government, apart from housing construction, was to launch a winter works program under which it pays 50 percent of the labour costs. And we know that in the end that 50 percent represents a mere 15 percent of the total costs of the works, and that the major portion of the costs, the largest financial burden falls on the municipalities. It has also been realized that many municipalities do not have the necessary financial means to undertake the works without borrowing at a very high rate of interest.

It is, therefore, very easy to draw the conclusion that as far as employment is concerned, the Conservative administration failed and forgot the fine promises they made to the Canadian people in the election campaigns of 1957 and 1958.

Now, Mr. Speaker, the second matter I would like to raise deals with the tax agreements between the federal and provincial governments. You will see, Mr. Speaker, that in that realm the results have not been any better than in the case of unemployment.

During the two election campaigns of 1957 and 1958, the supporters of the Conservative government, under the leadership of the Prime Minister, launched an all-out attack against the St. Laurent administration, accusing it of pressuring the provinces and

municipalities, and adding that everything had to be done over again in that field.

I believe it would be useless to recall the words of the Prime Minister and his candidates during both those campaigns, they are well known. They repeated over and over again that the government was rich, but that the provinces and municipalities were poor and could not meet their constitutional obligations.

The Prime Minister and his party had committed themselves to give provincial governments as well as municipalities the revenues they would need in order to perform their important duties and thus help them to develop their natural resources.

During the various federal-provincial conferences that have taken place since June 1957, the provincial premiers have reminded the head of the government of his promises, but without much success.

The concessions made were really inadequate and that is the reason why most provincial premiers showed their dissatisfaction of the offers made to them during the last conference in February 1961.

The present government seems to boast of having given back the provinces their taxation rights. It should know, however, that the provinces already have had those rights for a long time and that Quebec for one has made use of them for many years. What the government forgot, however, was to give them an adequate part of federal revenues, that would have permitted them to fulfil their obligations which become heavier and more urgent.

As a matter of fact, if we take, for instance, the province of Quebec, we realize that with the new formula, it will receive, during the five years covered by the agreement, only \$2.5 million more.

According to the new formula, a federal abatement of 16 per cent on individual income tax is granted, and it will increase by 1 per cent per year to reach the maximum of 20 per cent at the end of 1967. On the other hand, the equalization payments being set up on a new basis, that is on the national average rather than on the average of the two richest provinces, will decrease considerably. What is given on the one hand by extending the taxation field on individual income, is taken back on the other by decreasing the equalization. As the premier of Quebec said following the conference held last February:

[Mr. Bourget.]