

Mr. Guay (St. Boniface): Mr. Speaker—

Mr. Saltsman: Mr. Speaker, is the hon. gentleman rising to ask a question or to harangue?

Mr. Guay (St. Boniface): To ask a question, Mr. Speaker.

[*Translation*]

The Acting Speaker (Mr. Laniel): The hon. member knows that he can ask a question only if he is allowed to by the hon. member who has the floor.

[*English*]

Is the hon. member for Waterloo prepared to accept a question?

Mr. Saltsman: Mr. Speaker, I am always pleased to accept a question from the hon. member for St. Boniface.

Mr. Guay (St. Boniface): Mr. Speaker, since the hon. member referred to the possibility of provincial governments borrowing money through the federal government I ask, is he aware of the policy of the provincial government of Manitoba with regard to borrowing money? I believe that government has borrowed money in the United States. Does he consider that as foreign investment? When a government goes to the United States to borrow money and brings that money to Canada, does he consider that as foreign investment coming into this country?

Mr. Saltsman: I do not know whether the hon. member for St. Boniface realizes this or not, but he is making the very point I have tried to make in this House. I suggest that the province of Manitoba would like nothing better than being able to borrow its money in Canada, at favourable rates, if the federal government were to give that province access to credit at the Bank of Canada. The hon. member for St. Boniface is quite right in his concern. He knows that the people of this country, and the members of my party particularly, are enormously concerned about our going to the United States to borrow. We are enormously concerned, and we do not think we should borrow there unless it is absolutely a matter of survival. Actually, that is what is happening. The province of Manitoba does not want to borrow money in the United States. It wants to borrow money in Canada, but cannot do so because of bad government policies.

Some hon. Members: Hear, hear!

Mr. Saltsman: I suggest to the hon. member for St. Boniface that his quarrel is not with me and that his question should not be directed to me. It should be directed to the Minister of Finance (Mr. Turner).

Mr. Benjamin: Pay attention, Joe.

Mr. Saltsman: Mr. Speaker, I want to conclude by indicating that some of the frictions which have come about in this country—I hope the hon. member for St. Boniface is not rising to ask another question.

Mr. Guay (St. Boniface): On a point of order, Mr. Speaker, I feel my question was not answered. I asked whether provincial government borrowings in the United States constituted foreign investment.

Federal-Provincial Fiscal Arrangements

An hon. Member: You couldn't understand that, anyway.

Mr. Guay (St. Boniface): Could the hon. member say yes or no, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. An hon. member may answer a question in any way he wishes, and the hon. member who asked the question cannot quarrel about the answer he is given unless he is ready to seek the floor himself and make a speech.

Mr. Saltsman: Mr. Speaker, I am sorry that the hon. member for St. Boniface does not understand what I have tried to explain. I know he experiences some difficulty with explanations. I shall be pleased to give him a private lesson in economics some other time.

Mr. Benjamin: Charge him for it.

Mr. Saltsman: Mr. Speaker, I wish to raise some other matters. I wish to talk about a prior condition, so to speak. This is an important point, although it is not included in any bill. Before any kind of equalization arrangement can properly be made, there must be full employment. A prior condition to such arrangement is a policy of full employment. In other words, the government must commit itself to full employment. If one looks at the history of frictions in sharing agreements one will find that frictions invariably occur when Canada is suffering from heavy unemployment. When there is full employment in this country there is not the same reluctance to share. It is much easier for provinces to be generous when everyone is doing well, and particularly when the richer provinces are doing well. When they are not doing well, when conditions are rough for them and they do not obtain the revenue they require for their own purposes, they begin looking for areas to criticize, areas in which they can reduce their commitments.

• (1740)

When speaking at a federal provincial conference on November 15, the Prime Minister (Mr. Trudeau) said, and I hope I will be excused for paraphrasing, that there is a vast sum of money being transferred, an amount which represented 6.7 per cent of the total budget of the federal government. In his view, this is a very large sum of money. What the Prime Minister did not say, and perhaps should have said, is that as a result of the policies of his government which have created unemployment in this country, the losses to all governments in terms of revenue has been over \$1 billion annually, more than the entire cost of the equalization program.

If we had a policy of near full employment and had brought our level of unemployment down to 3 per cent, which was recommended as a minimum by the Economic Council of Canada, the federal government could have doubled all the equalization payments across Canada. This is something that has to be grasped by this government when making its deliberate calculations to throw people out of work. When there is unemployment, all kinds of things start going wrong. People who are normally amenable to suggestions suddenly start saying that charity begins at home. People who might be inclined to share begin to say that their needs are also great. A