

Dominion-Provincial Relations

material decline in revenues from the direct tax field that could result from a prolonged recession.

These 1957 fiscal arrangements, Mr. Speaker, were financially advantageous to the provinces. They completely respected the constitutional rights of the provinces and provided to them, especially to the less wealthy provinces, substantially more revenue without double taxation. We do not claim, nor did Right Hon. Mr. St. Laurent ever claim, that these arrangements were the ideal, the complete or the final solution of the federal-provincial problems. But, Mr. Speaker, they did permit both the federal government and the provinces to hurdle what could have become economic and financial disasters in either or both levels of government. And this was done without any of the provinces losing one iota of their sovereignty or autonomy.

It was within the responsibility and the prerogative of the federal government, with the co-operation and authorization of the provinces, to provide the much needed social measures on a uniform basis throughout the country at a time when the economy of most of the provinces could not afford the expenses involved. It has always been the accepted role of the federal government to supply public services which could not be supplied by other levels of government or by private enterprise; but, Mr. Speaker, if the provinces feel they are now ready to assume the responsibility of implementing some of the social measures presently carried out by the federal government and can guarantee that these measures will continue to be uniform to Canadians in all provinces, then a redistribution of responsibilities as well as of taxes could be considered as the basis of new tax agreements. But the problem has always been whether the provinces could or would add additional responsibilities to their problems of rapid expansion, and whether some uniformity of social legislation would be maintained in all provinces.

A Liberal government, Mr. Speaker, would not object to withdrawing from joint federal-provincial schemes which are now firmly established in the provinces and which the provinces felt they could administer themselves, such as was suggested by the premier of Quebec to the conference in July. To my mind it is part of the federal government's role to co-operate with the provinces in implementing needed legislation and to withdraw when the provinces feel they can carry on alone, but it will be noted that this is the first time a provincial premier has formally expressed his willingness to assume additional financial responsibilities in compensation for additional revenues, and this may

[Mr. Cardin.]

well be the key that might open the door to better federal-provincial relations.

In 1957 the Prime Minister waxed eloquent on the supposedly arrogant attitude of the Liberal government in its dealings with the provinces. In his opening campaign speech in Massey hall, Toronto, on April 25, 1957 he said:

We intend to form a government to immediately convene a dominion-provincial conference to bring about a settlement of these problems, not in the spirit of arrogant domination as displayed by the present government but in the spirit of unity and amity and with mutual tolerance and respect.

He repeated this statement from coast to coast. We shall see, Mr. Speaker, whether the Prime Minister really kept his promises. After the 1957 election a federal-provincial conference was held but was reluctantly convened. It was not convened immediately but in November, 1957. The purpose of the conference was not to bring about a statement of the problem but to get to know one another, and fiscal arrangements were hardly discussed at that particular conference.

Second, it had been agreed at the November conference that there would be a further conference held in the early part of 1958; but the government, in a spirit of amity and tolerance but without consulting the provinces, replaced the conference by a telegram sent to all the provinces containing erroneous calculations made not by the Department of Finance but by Mr. George Gathercole, a top civil servant of the Ontario government.

Third, the Minister of Finance in his brisk and supposedly efficient manner set up a committee on finance consisting of the Minister of Finance and the provincial treasurers to reconsider fiscal problems, and more particularly to consider the request made by the provinces to have the 1957 arrangements revised. The committee met in July and in October of 1959. At this last meeting the Minister of Finance, ignoring the insistent request of the provinces and ignoring the Conservative promises of 1957, amicably announced that the tax-sharing arrangements would not be modified.

Mr. Fleming (Eglinton): Would not be what?

Mr. Cardin: Modified. Fourth, in July, 1960 a new federal-provincial conference was called to negotiate new tax-sharing arrangements which were to become effective in April, 1962, and at that meeting the provinces made several concrete proposals. For the first time at such a conference the province of Quebec, which by the way since June 22 last has finally returned to confederation, through its new premier, Mr. Lesage, put forward an over-all and concrete plan which received