

Atlantic Development Board

for ourselves, and despite most difficult conditions in recent years we have continued to attempt to pull ourselves up by the bootstraps. I do not have to give evidence of this fact. I do not have to refute the argument that our people have a defeatist attitude, that they are pessimists, that they are lazy and will not do anything for themselves, that they do not want to work and want to live off the federal government. All we have to do is to look at the history of these provinces, to look at the self-help efforts of these people in the field of co-operative activity, in the field of credit unions, in the field of marketing efforts on the part of our farmers and our fishermen. These are stories of courage, stories, in particular sections of the area, of people lifting themselves up by the bootstraps.

But the major consideration is that we cannot be expected to solve all of our problems by ourselves. This is an established scientific fact arrived at by various organizations and groups in our own region and in other parts of the country, and that is why we expect such types of assistance as we hope will be provided through the Atlantic development board.

One of our major concerns and fears with regard to this proposed board, and we will be looking at the legislation when it is placed before us, is that this is simply going to be another board to study, another royal commission. We have had quite a bit of experience in the Atlantic area and all across Canada with royal commissions and they have their role to play. Many of them have provided very valuable services to the country. But we are familiar with the Rowell-Sirois commission so far as some of our problems are concerned, and what has happened in recent years. This government which tells us that Nova Scotia has never had a friend like the Prime Minister—

Some hon. Members: Hear, hear.

Mr. MacInnis:—this government which tells us that the Tories have done more for us than anybody else—

Some hon. Members: Hear, hear.

Mr. MacInnis: It is very desirable that you applaud yourselves, because nobody else will. This government has refuted the recommendations of this particular royal commission and has recently changed the formula, for which we can give some credit to the former Liberal government, from equalization and rationalization in our tax rental and tax sharing agreements across the country. As a result the assistance that we are provided today in this area under the Federal-Provincial Fiscal Arrangements Act is no longer based

on the yield of the two richest provinces but rather is on the basis of a national average.

I asked the Minister of Finance a question in this regard the other evening and he stood up and very quickly brushed it aside and told me it was very strange that, though I came from the province of Nova Scotia, I was not prepared to admit that the present basis is the best arrangement we have ever had. I prefer to accept what I would regard as a more objective analysis with regard to this problem. I should like to quote from an exhaustive study of federal-provincial fiscal relations prepared by Dr. John F. Graham of Dalhousie University. With regard to our new system of federal-provincial fiscal arrangements I quote the following:

The new federal-provincial fiscal arrangements for the period 1962-67 are the outcome of a unilateral decision of the federal government rather than of mutual agreement between the federal government and the provinces. They alter the equalization and stabilization elements of the previous arrangements and they constitute an abrupt change with respect to the centralization of control and uniformity of rates of the three direct taxes. They introduced a marked departure from the trend toward greater rationalization of the Canadian fiscal system that had hitherto characterized the war and post-war agreements.

Mr. Flemming (Victoria-Carleton): How many more millions did they give Nova Scotia?

Mr. MacInnis: I will reach that in a moment, if the minister will hold on.

The new policy is obviously intended to shift back to the provinces the responsibility for levying their own personal and corporate income taxes at a time of acute need of the provinces for larger revenues and of large federal deficits.

The minister asked me how much the federal government is providing under the new arrangements.

Mr. Flemming (Victoria-Carleton): More.

Mr. MacInnis: Once again I will not attempt to be politically partisan. I will read from an objective report, and again I quote Professor Graham:

Even with its relatively large federal transfers, Nova Scotia had a combined provincial and municipal net general revenue per capita of only 79 per cent of that of all the provinces for the fiscal year 1960-61. Moreover, it was only 69 per cent of the average for Ontario and British Columbia, the two richest provinces.

I would particularly draw the remainder of this excerpt to the attention of the minister and other members of the government.

It would require about \$44 million of additional revenue to bring the amount for Nova Scotia up to the national average, and about \$53 million to bring it up to the average for Ontario and British Columbia.