

APPENDIX

DOMINION-PROVINCIAL CONFERENCE—EXCHANGE OF CORRESPONDENCE

Province of Manitoba  
Office of the Premier  
Winnipeg

December 18, 1957.

The Rt. Hon. John G. Diefenbaker, P.C., Q.C.,  
Prime Minister of Canada,  
Ottawa, Canada.

Dear Mr. Diefenbaker:

Since returning from Ottawa my colleagues and I have had an opportunity to carefully review some of the events of the conference. As is usual at these meetings, many matters were discussed in order that all of us might better understand the problems of all parts of our great country. Some subjects received more attention than others. My colleagues and I feel that it is advisable now to restate Manitoba's position on one question which, to our surprise, took precedence over even the most basic matters with which we had hoped to deal.

I refer to the financial adjustments for the Atlantic provinces that were proposed by the federal government. At the conference itself Manitoba's position was stated as well as it could be on such short notice. You will recall that it was at federal insistence that the conference found itself having to deal with two or three specific matters, including the so-called Atlantic provinces' adjustment, before the meeting broke up, while it

appeared to the Manitoba representatives that you and your ministers were unwilling, or unable, to deal with the broader question of the general financial arrangements between the federal and provincial governments.

It may be that some provinces had anticipated that the federal government was going to insist that a maritime adjustment be concluded at this two-day meeting, while the decision respecting the main issue of general dominion-provincial financial rearrangements, which our province believed to be the main reason for the conference, was to be postponed. In any event because of the insistence by you and your colleagues in the last hours of our two-day meeting that this specific matter had to be dealt with at that particular moment, we had no time to prepare a full and studied statement of Manitoba's position in this connection. We have been giving further serious consideration to the question since our return home, however, and we think our province and the nation itself would be best served if we were now to make some further statement in this connection.

As I pointed out to the full conference in Ottawa, Manitoba's main financial proposal for dealing with the fiscal arrangements between Ottawa and the provinces would have produced the following results:

| Province                  | Present arrangements:*<br>10-9-50<br>with equalization<br>to average of two<br>highest-yield<br>provinces<br>(\$38.70) | Manitoba<br>proposal:<br>15-15-50<br>with equalization<br>to the highest-yield<br>province<br>(\$61.49) | Gain in<br>potential revenues<br>of the provinces<br>under<br>Manitoba proposal<br>as compared to<br>present arrangements |
|---------------------------|--|---|---|
|                           | \$000  | \$000   | \$000   |
| Newfoundland.....         | 16,064   | 25,523  | 9,459   |
| Prince Edward Island..... | 3,843*   | 6,105   | 2,262   |
| Nova Scotia.....          | 26,887   | 42,715  | 15,828  |
| New Brunswick.....        | 21,465   | 34,106  | 12,641  |
| Quebec.....               | 179,130  | 284,620   | 105,490   |
| Ontario.....              | 214,444  | 332,326   | 117,882   |
| Manitoba.....             | 32,899   | 52,270  | 19,371  |
| Saskatchewan.....         | 34,084   | 54,150  | 20,066  |
| Alberta.....              | 43,469   | 69,060  | 25,591  |
| British Columbia.....     | 54,122*  | 85,997  | 31,875  |
| Total.....                | 626,407  | 986,872   | 360,465   |

\* Excludes stabilization payments: \$293,000 for Prince Edward Island, and \$4,861,000 for British Columbia.