

The Budget—Mr. Michaud

This expectation, unfortunately, did not materialize and the maritime provinces as a whole are lagging far behind most of the other provinces in economic growth and economic expansion. This situation, we submit, is not conducive to national unity, and to national welfare. In his opening remarks at the federal-provincial conference of November 1957, the Prime Minister said the following:

We believe that this federation cannot thrive in a climate of glaring disparities in levels and standards of service and development as between the several provinces from Newfoundland to British Columbia.

This is a common belief everywhere in the Atlantic provinces. We also submit that the lack of economic and industrial development compared with the rest of the country is responsible, in the Atlantic provinces, for an unduly large proportion of our people engaging in marginal or submarginal activities. We believe that if the standard of living of our people is to be raised to the national standard the government of Canada must co-operate with the provincial governments of the Atlantic provinces in creating a climate which will provide an incentive for the growth of manufacturing industry.

In what way can the federal government co-operate with the government of New Brunswick and other Atlantic provinces to bring about these desirable incentives for the development of these provinces? First of all, we must stress the importance of having a more flexible monetary policy for our provinces. We have heard a lot about this matter in the course of the last two federal elections. It was then called the tight money policy. It formed a part of the famous Atlantic resolutions about which we heard so much at that time and about which we have heard so little since. Well, tight money is still with us in New Brunswick and in the other Atlantic provinces, and its paralysing effects are painfully borne by the provincial and municipal governments and by all areas of industrial activity. Special policies should be enacted which would render possible borrowing on easier terms and at lower rates by all these corporate bodies and by all levels of governments if we want to attain the objective of an expanding economy in the Atlantic provinces.

Besides the ability to borrow at lower rates we also need incentives in the form of tax concessions to promote the industrial development of our provinces. A capital project development fund, such as recommended by the royal commission on Canada's economic prospects, is also pertinent to our economic and industrial growth. This commission recommended that the federal government agree

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to contribute a substantial sum for capital projects in the Atlantic area to be spread over a relatively short period of years. The purpose would be to cover the costs of necessary capital investments some or all of which would normally be the responsibility of the provincial government.

In the field of transportation, we in the Atlantic region continue to stress the necessity of the Chignecto canal project as a national extension of the St. Lawrence seaway. Without it the impact of the seaway on the maritime region may well be adverse. Now that the federal government has the benefit of the views of the new Minister of Forestry, who always was such a strong promoter of this project, perhaps we can look with greater confidence to its early commencement.

Adequate federal-provincial fiscal arrangements are also vital to the welfare of New Brunswick's economy. A few statistics for the enlightenment of the subject might well be useful at this time. From 1950 to 1959 provincial government costs in New Brunswick showed an increase of \$39 million while receipts from the federal government rose by only \$20 million. The difference was met by the New Brunswick taxpayer. In the same period of ten years municipal expenditures, excluding school board expenditures, rose from \$17 million to \$38.6 million, another increase of more than \$21 million added to the tax burden. I have stated that the costs of construction, maintenance and operation of our schools were not included in the above figures. These costs, of course, also increase the tax burden.

In the light of the number of people we have in New Brunswick with a population in the vicinity of 600,000 who are called upon to bear a tax burden of such abnormal proportions, the above figures are nothing less than staggering particularly when we know that New Brunswick's per capita personal income is \$967 compared with a per capita personal income of \$1,767 in Ontario. Having regard to the burden of provincial and municipal taxation in New Brunswick, neither the province nor the municipalities are in a position to increase taxation to meet the growing requirements of our people.

We submit that the government of Canada must face this fact in the light of a situation in which the brunt of increased governmental expenditures is falling on the provinces and municipalities. It should be pointed out that to the degree that the province of New Brunswick receives a larger