

Dominion-Provincial Relations

Liberal government for \$100 million. He would have been happy if he had received \$22 million. This was Premier Frost's reaction to this proposal.

Even more interesting, of course, is the way this shows again how the Tories have failed to keep their election promises. Instead of the \$100 million for their favourite province they were able to settle for \$22 million, or one fifth that amount. Then there is the promise we had in advance of the baby budget, from the Prime Minister and the Minister of Finance, that they would give this nation \$500 million in tax cuts this year. In the end they provided only \$26 million this year, or one twentieth of what they had promised. So in the end we have a watered down settlement of Tory promises from last June; the promise of \$100 million for Ontario and the settlement for \$22 million; the promise of tax cuts of \$500 million and the settlement for \$26 million.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as we indicated at the resolution stage it is our intention to vote for this measure. In doing so we will be taking a position, unlike that of the Conservative members of this house, consistent with the position we took in 1956. We voted for this measure then and they voted against it. As a matter of fact they did so on at least two occasions. We note now that they are proposing slight amendments to the measure without changing its basic principle. We are voting for this measure not only because that is a stand consistent with the stand we took in 1956, but because we believe that the provinces need and are entitled to such additional revenues as are provided in this legislation.

We are voting for it as well because at a time when special recognition has been given to the particular needs of the Atlantic provinces we feel, as we have already made clear, that the basis for special aid to any of the provinces of this country should be laid down in terms of a formula that would be applicable to any province. We hope even yet that will be done, so far as the Federal-Provincial Tax-Sharing Arrangements Act is concerned.

We are for this measure, not only for the reasons I have given but because we believe that Canadian unity should be something more than words, something more than a pious slogan. We believe that a real and determined effort should be made to raise the living standards, to raise the standards of services for our Canadian people to the highest possible levels in all parts of this country.

One of the economic facts with which Canada has had to contend for a number of

years is the fact that because the head offices of some of the powerful corporations of this country are located in the central provinces, the incidence of taxation does not automatically result in the benefit of that taxation accruing to the people as a whole. It is because of that economic fact that it has been necessary to go in for tax rental agreements, tax-sharing agreements, and the various changes that have been made in these proposals.

We feel that still further efforts along this line should be made. We feel that much more consideration should be given to the fiscal needs of the various areas of the country, and we suggest to both of the old parties that we have not yet reached the end of the road in trying to achieve a satisfactory solution of the problem of federal-provincial fiscal arrangements.

Before I go on to the few words I want to say in pursuance of that position, may I say that though we are voting for this measure for the reasons I have indicated, we still regret the manner in which it has been brought forward. As my hon. friends of the Conservative party said so well when they were in opposition, this is a field, the field of federal-provincial arrangements, where the utmost in co-operation, consultation and mutual understanding is required. Yet in this instance, despite the promises of the Prime Minister, despite the promise in November that there would be a resumption of that conference in January, the government has gone ahead and taken this unilateral action. The only way some of the premiers learned about it in the first instance was by reading about it in the newspapers. In due course all of them, it appears, received their telegrams. There has been no attempt at consultation, no attempt to work out even this interim arrangement on the basis of consultation and mutual understanding.

We are not going to take further time to berate the Minister of Finance for the arithmetical errors he has made and the errors in understanding the legislation for which he is responsible. But we do suggest that when a minister of the crown has made a serious error or series of errors he should draw those errors to the attention of the house without waiting until someone else has checked him up and then making his explanations.

I suggest that in our view this whole question of federal-provincial fiscal relations calls for a great deal more than has yet come within the compass of this legislation or even the negotiations that have been held in connection with this subject. The Prime Minister himself, at the conference in