

Supply—Finance

thinking that the \$12 million surplus has gone with the acreage payments.

It remains perfectly clear that we have had four consecutive deficits, huge over-all deficits and an increase in our debt. If we cannot reverse that trend—and the minister stated in his budget that we were going to reverse that trend, I admit that this did create a feeling of confidence which has been helpful to the economy, if we cannot get a surplus at this time of what the government calls prosperity and expansion, what is going to happen to us if we move into a period of what I might call, in order to be relieved of the accusation of attempting to undermine the economy, a period of less expansion, of cause, of hesitation, or if you like of recession? When we ask questions like this, and it is our duty to ask them and they are being asked outside the house, I hope we will not be accused of trying to sell the country short or of bringing about a depression or any such nonsense as that.

The other matter I wish to mention is that of the recent provincial conference. I would have thought in view of the fact that this conference was the culmination of about three years' preparation the minister might have had something to say about it and its results. Certainly it is clear, clear at least to us on this side, that the leadership and the initiative in this conference came from the provinces. I am talking now about the conference of two weeks ago.

The minister said a few moments ago, and I hope I took his words down correctly, that every province and every municipality benefits from the government's fiscal policy. If that is the case it must have been disappointing and discouraging for the minister to have found so inadequate a recognition of those benefits in provincial and municipal quarters, and I am sure that this feeling was reflected, to some extent at least, in this conference which has just concluded.

After three years of preparation the government has, so far as I know, made no single formal or positive statement about the principles that should now govern fiscal relations between the federal government and the provinces. If any such clarification of principle or statement of principle was made at the recent conference, perhaps the minister would tell us about it.

It was in November, 1957 that the first conference was held following the promises made by the government during an election campaign, glowing promises of what would be done to help the provinces and the municipalities. Indeed there were promises also

as to what would be done to help the municipalities directly, and we have put some of those on the record.

It will be recalled that the Prime Minister decided at that conference that instead of general fiscal questions being considered the conference would deal with three specific matters, and that was done. Then after that was all completed the minister announced the setting up of the committee of ministers, provincial and federal, and of a study group, or seminar, whatever you wish to call it, of officials. This has been referred to this afternoon and the minister thought it had done very good work indeed.

Perhaps that is true, though as my hon. friend for Essex East has pointed out the premier of Ontario does not seem to share in the valuation which has been put by the minister on all this basic preparatory work done by his officials. In his press conference of July 26 when he was in Ottawa Mr. Frost, when asked about the further work to be done with regard to these matters, tax-sharing formulas, et cetera, is quoted as saying that he did not feel there was any use in temporizing and fooling around with formulas any more.

If there was so much valuable work done in the preparatory field, if cabinet ministers met, as they did, in Ottawa in July and I think in October 1959, and if this joint committee functioned so effectively over so many months, and the minister said it was the first joint committee of this kind to be set up and function in this way, which perhaps does not create precisely the correct impression because the minister will agree that in the preparatory work leading up to other conferences there were committees of federal officials and provincial officials and they did work together. But if such good work was done by the committee, and if the meetings of the ministers were so effective, it is surprising to say the least that so little came out of this conference. If that is true surely the responsibility for this has to be borne by the federal government which adopted, and these are the words used previously, a passive and negative attitude throughout this conference.

The initiative that did come to this conference came from the provincial leaders. Perhaps I could mention in this connection the premier of Quebec. So we surely have the right after this conference has been held to ask the minister if he cannot give us some report on it and some indication of what the government's policy is going to be in this field. That after three years of consideration we have had so little initiative from the federal government in this vital