

*Federal-Provincial Fiscal Arrangements*

If these are national priorities, and I think they are, then it should be the responsibility of the federal government to assume them.

**Mr. Francis:** Mr. Speaker, may I ask the hon. member a question? I have been following his argument with some interest and, as I understand it, he is arguing that the federal government should assume the entire cost of certain programs which have been traditionally within the jurisdiction of the provinces according to our constitutional arrangements. Does he envisage the provinces continuing to administer these programs or does he envisage a situation where the federal government would be responsible for raising money and provincial governments for spending? Would he explain to us what he has in mind at this point?

**Mr. Saltsman:** I certainly think there are some difficulties connected with the position, and I do not underestimate them. I suggest to the hon. member, if I may reply to his question, that if we want to move in this direction then, if experience from the past is any guide, we would find ways of making the constitution fit our needs. We need to establish many programs, and the hon. member knows this as well as I do. No one would quarrel with us if the federal government set them up, even though they did not fall under federal jurisdiction.

• (1730)

Let me point out that, originally, unemployment insurance was not under federal jurisdiction, either, yet we got around that difficulty by agreement. Manpower policies are financed by the federal government and administered by the provinces. There you see a joint operation. If we want to do certain things which appear unconstitutional, I say that the constitution will present no problem. When hon. members do not want something to be done, they bring forward the constitution and conveniently hide behind it. I do not know why they do not stop doing this. When the government finally decides to do something in an area previously considered to be outside its jurisdiction under the constitution, it suddenly discovers how remarkably flexible is our constitution. I say, therefore, that the constitutional argument is not really valid. I am not trying to ignore such arguments, because I admit that there are problems in this area. I merely suggest that when we really decide to do something, the constitution is not allowed to stand in our way. In those circumstances you hear no one saying that the proposed program does not conform with the constitution because there is a comma in one place or a word in the other and that we should not introduce it. Canadians are far too sensible to go along with legal rigidities like that, because they know that there are ways of doing those things which are important for them.

I have dealt with some of the criticisms that have been levied against the present arrangement. I do not suggest that our present equalization formula is not reasonably good. I think, on the whole, we have done fairly well. I noted the minister was quoting from the report of an American committee and boasting how well Canadians are doing in this field. If we compare ourselves with other countries, we shall see that we have done reasonably well. All I am suggesting is that there is no reason why we

[Mr. Saltsman.]

should not be moving in the particular direction I am pointing to. The minister should not hide behind the sort of pat on the head he has been given by a commission in the United States or use what has been said by them as an excuse for not taking action. After all, some of the amendments which have been incorporated in this bill are really minor in nature. They are a sort of minimum accommodation. One wonders where the great vision of the just society and all those other ideas that permeated the other side of the House almost four years ago disappeared to. These are niggling little amendments we are talking about. They will not solve basic problems; neither will they advance the cause of confederation very far.

I should like to raise another point. Really, it is a grievance that involves not only the western provinces but other provinces as well. Provinces ask why the federal government cannot, under a stabilization program, permit them to borrow directly from the Bank of Canada? They wonder why they cannot ask the federal government to raise resources on their behalf?

**An hon. Member:** Bennett suggested that.

**Mr. Saltsman:** It is a sensible suggestion, no matter whether it was made by Premier Bennett or others. Why can the provinces not ask the federal government to do that, Mr. Speaker? That suggestion may be one of the few sensible suggestions the premier has made, and I am prepared to accept sensible suggestions no matter what their source, even from the hon. member who just spoke. When he has one of his own, I wish he would let me know.

**An hon. Member:** You will wait for a long time.

**Mr. Saltsman:** Please, do not be too unkind. Mr. Speaker, why cannot this be done? Why must provinces be put in the position of having to go to money markets, at times, perhaps, when those markets are not ready for them? Why must the provinces pay higher rates of interest than the federal government could obtain on their behalf? Surely, that is the least assistance that the federal government should be prepared to offer.

The minister himself said that the measures in this bill will probably never come into effect and will probably never be required. The kind of stabilization I have spoken of the provinces need badly. In its management of the economy the federal government has tended to create unemployment, and provincial governments have wanted to take action in their own provinces to curb that unemployment through the introduction of accelerated building programs for hospitals, schools and so on. They need assistance, and the federal government should provide it. It should not give it directly, in the form of money; we are not asking for that. We are asking for the federal government to use its powers and its prestige in borrowing on behalf of the provinces. Such action would be in line with the suggestions of a former minister of finance who told Canadians to borrow in this country instead of borrowing in the United States, and thereby put less pressure on the Canadian dollar.

**Mr. Guay (St. Boniface):** Why would a government not do that?

**Mr. Saltsman:** Who said that?