

Dominion-Provincial Relations

under the present regime the economy of Canada has fallen behind. However desirable the need because of economic circumstances, this provision is accountable for some \$23 million of the increase in the table. When one looks at these things he realizes that the use of these figures yesterday had a certain propaganda element in it that is not worthy of very much consideration.

We are considering clause 3, payments to the provinces, and if we refer to the same table on page 7915 we find that in connection with unconditional grants there was again a grandiose utilization by the Prime Minister of a sum involving many millions of dollars in comparing the increase from one year to another. But I find that the big item in that bragging had to do with tax abatements and tax rentals and more particularly had reference to the so-called equalization. The sum of \$190 million refers to equalization.

We have had a debate about equalization and I think members of the committee, so far as equalization is concerned, will find proof of the lack of substance in the new agreement in the fact that the government cannot point to anything equivalent for the next five years. The sum of \$190 million for equalization was, of course, equalization provided by the former administration. At that time the minister of finance was the Hon. Mr. Harris and I had the honour of being with him at the federal-provincial conferences leading up to that agreement. The result is that, so far as unconditional grants are concerned, the government is prepared to boast that \$190 million more than in 1957-58 has been provided to the provinces, but the heading is equalization. Under the new bill, what have we got that is equivalent to \$190 million in equalization?

Mr. Fleming (Eglinton): Mr. Chairman, perhaps the intrinsic merit of the hon. gentleman's demagogic intervention can be judged by the accuracy of his references to hospital insurance. It is quite true that a measure for hospital insurance in Canada was introduced by the former government, but that measure had a typical joker in it, that no such legislation should come into effect and no contributions should be available to any province under it until a majority of the provinces representing a majority of the population set up plans in conformity with its terms. It will be remembered that after the change of government this joker was removed by parliament at the invitation of the new government and then there was an opportunity for the plan to proceed province by province. The old government left a not too creditable record in that regard.

Clause agreed to.

90205-6—571½

On clause 4—Tax equalization payments.

Mr. Pickersgill: There is one question I should like to put on clause 4. I should like to ask the minister if it is the present expectation of the government—in using the word “expectation” I am not asking for anything more than that—that Quebec or Manitoba or Saskatchewan at any time during the next five years will move from the guaranteed equalization, which they will be under in the first year according to his projection, to the basic equalization?

Mr. Fleming (Eglinton): Again, Mr. Chairman, that would invite me to engage in prophecy and I do not think I would be serving the house by attempting to do that.

Mr. Pickersgill: The minister, in other words, is saying that he is not at all sure that at any time in the five years any of these three provinces will have any financial advantage whatsoever under the new legislation compared with the old.

Mr. Fleming (Eglinton): Mr. Chairman, that is obviously not what I said.

Mr. Benidickson: Perhaps that is not what the minister has said but he has given parliament a table which indicates his forecast for one year. We would prefer a projection for a longer period, but the hypothetical conditions involved in the table he has given us include, of course, a 5 per cent growth in income. I have indicated that while the present government has been in office this country vis-à-vis most other countries of the world has fallen behind and that must be contrasted with a growth of perhaps 20 per cent in the years prior to the election of the present government. The minister has chosen to assume a hypothetical growth of 5 per cent and to give us certain figures. Based on those figures it would appear to be clear that Quebec will stand still, Manitoba will stand still and Saskatchewan will stand still. We also know that as a result of the ingenuity of the minister and the government they have somehow contrived to make worse in a relative way the position of Alberta, British Columbia and New Brunswick with respect to tax-sharing agreements. The minister says that he declines to make any further speculations as to what the provinces will get out of the new five year agreement. However, he also denies that certain provinces will not improve and will stand still as I have suggested. I take it that they stand still simply by reason of the fact that they finally fought for a stabilization clause in the new five year agreement under which they would not get any less than had been provided under the agreement which they negotiated with the previous government. Perhaps that is why