

*Federal-Provincial Relations*

come to prevail—and come to prevail, I should add, in the post-war years. Quebec notes that shared cost programs as they have been used, however, have involved the continuing and the growing intervention of the federal government into matters which lie within provincial jurisdiction. This view is held honestly and firmly, and I think everyone must agree that when such a large proportion of Canadians come to share this view—and of course they are not confined to the province of Quebec—it is time to re-examine the intergovernmental arrangements which are in question.

There is a third reason for re-examining the role of shared cost programs in Canadian confederation. It is this: The primary purpose of many existing conditional grants may already have been accomplished. I suggest, Mr. Chairman, that when hospital insurance has been established across Canada, that when old age assistance payments are being made across this nation, that when unemployment assistance is available to all Canadians, the prime purpose of these conditional grants may well have been achieved. These programs have been established and are not likely to be revoked. We want to assure, of course, that the benefits remain portable or, to put it another way, that barriers are not erected so that the citizen loses his rights to these services when he moves across provincial borders. But I think all the provinces accept this principle and would be quite prepared to maintain such important elements of nation-wide programs without the application of federal sanctions. This, then, is the third reason we feel it is time to re-examine the role of shared cost programs—their very maturity.

The fourth reason for re-examining federal-provincial shared cost programs is related both to their maturity and to the magnitude they have reached in terms of dollars. It has long been argued that he who spends should be the one required to tax. Sir Wilfrid Laurier said in 1905 that “it is a sound principle of finance and a still sounder principle of government that those who have the duty of expending the revenue of a country should also be saddled with the responsibility of levying and providing it”.

**Mr. Olson:** Hear, hear.

**Mr. Gordon:** My hon. friend will find that quotation in the *House of Commons Debates* for February 21, 1905, if he is interested. In 1940 the Rowell-Sirois commission repeated this view. Obviously one cannot press this

[Mr. Gordon.]

principle to its ultimate conclusion without eliminating equalization payments, but I think it is fair to argue that once shared cost programs have accomplished their initial purpose they should be reviewed with this principle in mind.

For these reasons the government of Canada has agreed that there should be a review of the role of shared cost programs in Canadian confederation. All provincial governments have agreed with this view. In consequence the tax structure committee has been assigned the task, as has already been reported, of studying the future role of shared cost programs in Canada. Its recommendations will be submitted to the federal-provincial conference; but this review will take at least a year and a half.

In the interval it seemed that some positive indication of the possibilities open to Canadian governments was called for. Consequently, the Prime Minister offered to the provinces on August 15 an alternative approach to shared cost programs, this alternative to prevail during the interim period while the tax structure committee conducts its studies. For the major programs involved—hospitalization, welfare programs, vocational training and health grants—this alternative will enable the province to tax their own citizens to pay for these major continuing shared cost programs with the federal government providing related equalization payments. The province in turn would agree to maintain the programs in their present form during the interim period. The provisions of the bill will apply for an interim period only.

I have deliberately refrained from enunciating at this time any government position on the role of shared cost programs in the long run. I think the reason for this will be obvious. The federal government has undertaken to discuss this question with the provinces, who are as much concerned with it as are we in this parliament, and we want to approach these discussions with an open mind and without having made our position clear or definite in advance. My hope is that hon. members will have an opportunity to consider this important issue carefully when the bill receives first reading and becomes available for study. We can then debate it fully when it reaches the stage of second reading.

**Mr. Diefenbaker:** Mr. Chairman, this is one of the most important matters that will come before parliament, and the fact that it is being brought in in the last minutes of the last hour does not render it any less signif-