

BRITISH COLUMBIA'S PROPOSALS

to the

CONSTITUTIONAL CONFERENCE

December 8, 9 & 10, 1969

OTTAWA

presented by

THE HONOURABLE W.A.C. BENNETT

Premier and Minister of Finance of British Columbia



Introduction

In British Columbia's Brief entitled "Proposals of the Province of British Columbia on the Constitution of Canada" released in December, 1968, I set out in broad terms the Government of British Columbia's views on most of the subject-matters contained in the Constitution and, in addition, suggested principles that should be followed in undertaking the constitutional review now under way. I restated those proposals and principles at the Constitutional Conference held in Ottawa in February, 1969.

The matters to be discussed at the next meeting of the Constitutional Conference to be held in Ottawa on December 8, 9 and 10 deal with certain specific aspects of the distribution of powers between the Federal and Provincial Governments. The purpose of this statement is not to reiterate British Columbia's Proposals on the Constitution as a whole but rather to indicate in general terms what British Columbia's submissions will be in respect of those matters on the agenda of this Conference. They are as follows:-

The Taxing Power

British Columbia's position on the taxing powers of each level of government is that the capacity of each government to tax must be sufficient for each level of government to effectively discharge its constitutional obligations. Accordingly, in British Columbia's view, the Federal Government should leave exclusively to the provinces the direct tax fields of personal and corporate income taxes and succession or estate duties except to the extent necessary to finance a nationally administered guaranteed annual income plan.

Historically, the Province of British Columbia levied its own personal and corporate income taxes for years subsequent to its entry into Confederation. It was not until 1917, on the other hand, that the Federal Government, in a period of national crisis due to the First World War, entered into this field for the first time. It was to be a temporary measure.

As in the case of personal and corporate income tax, a glimpse at history clearly shows that up until 1941 the succession duty field was exclusively occupied by the provinces and recognized by the Federal Government to be an area within exclusive provincial jurisdiction. British Columbia first entered the succession duty field in 1894.

What British Columbia is asking for is a return to the provinces of those tax fields which were clearly recognized as being exclusively within provincial jurisdiction and which only because of the exigencies of the First and Second World Wars were occupied by the Federal Government.

Lest it be thought that British Columbia's proposal would result in the Federal Government being stripped of the necessary tax revenue to meet its constitutional obligations, it should be stressed that, coupled with the return to the provincial governments of the direct tax fields, would be the giving up by the Federal Government of payments to persons and governments such as Family and Youth Allowances, Old Age Security, Guaranteed Income Supplement Plans, Canada Assistance Plan, Equalization Payments to provincial governments and Medicare Payments. In their place would be established a guaranteed annual income for all Canadians. The effect would be a substantial decrease in Federal Government revenue but it would be offset by a substantial decrease in Federal Government spending responsibilities.

The Spending Power of the Parliament of Canada

Until such time as the direct tax fields are returned to the provinces as I have suggested, British Columbia recognizes that it is desirable for the Government of Canada to have constitutional power to make conditional grants to provinces in aid of shared-cost programs in matters of national interest which, strictly speaking, come under exclusive provincial jurisdiction. In matters of national significance to all Canadians such as medicare and hospitalization, British Columbia is agreeable to the Federal Government implementing shared-cost programs subject to the following conditions:-

1. There must be a "national consensus" in favour of a new shared-cost program as reflected by the Parliament of Canada and a sufficient number of the provincial legislatures before a new shared-cost program is entered upon.
2. There must be adequate safeguards to ensure that once a program is embarked upon, the Federal Government will not withdraw its financial support or so alter the terms of the program as to shift all or a portion of the financial burden for its continuance upon the province.
3. The provinces which decide not to enter upon a new shared-cost program should not be paid the fiscal equivalent. British Columbia considers that "opting out" with the fiscal equivalent is contrary to the concept of co-operative federalism, and if carried to the limit, would ultimately destroy our whole federal system.

Income Security and Social Services

British Columbia has always recognized and continues to be concerned with the great disparity that exists between the average personal income of many Canadians. If we are to have a strong and united country from coast to coast, then we must bring those materially less fortunate Canadians up to at least a minimum level of economic well-being.

Equalization payments from the Federal Treasury to certain provincial governments have largely failed to accomplish this objective for the very basic reason that these payments are made to certain provincial governments whereas what is needed are payments direct to people.

British Columbia calls on the Federal Government to initiate a Royal Commission to undertake a full and complete study, in consultation with the provinces, with a view to the establishment of a comprehensive program for the rehabilitation and human betterment of needy Canadians by means of a guaranteed annual income plan to replace equalization payments and present welfare programs presently administered by all levels of government. The vast amount of money that is now being spent to administer a multiplicity of welfare programs and the bureaucracy that has developed at all levels of government is staggering to contemplate.

A whole new concept to provide for rehabilitation and human betterment is needed. A system void of duplicity of services with uniformity of standards from place to place, designed to rehabilitate people and bring them into the working force of Canada. Such a program would act as a catalyst to the initiative of low income Canadians wherever they might be in Canada to go on to develop their skills and improve their lot and that of their families by their own efforts.

B.C.
Dec/69

British Columbia suggests that until such a study is made, it is premature to suggest what the distribution of powers should be under a new Constitution on the subject of income security and social services.

Regional Disparities

The effect of the implementation of my proposal of a guaranteed annual income would go a long way toward lessening regional disparities because of the fact that more people in low income areas would benefit from the plan than the relatively few who would benefit in high income areas of the country. I would point out, however, that it is a high level of economic activity and development in the high growth areas which generates the federal government revenue that is essential to meet the needs of slower growth areas.

Unique problems are encountered in British Columbia, the highest growth area, which must not be overlooked. For example, this Province has an annual population growth rate double the rest of Canada of which the largest proportion come from outside our borders. The effect is that notwithstanding our high level of industrial activity, the large inflow of workers from other provinces has been in excess of the capabilities of the economy to provide immediate employment for all, resulting in a higher unemployment rate than certain other provinces. British Columbia requests the Federal Government make low-cost capital available for job-creating projects in housing, water, sewage, pollution, school and hospital facilities for the high ratio of people taking up residence in British Columbia from other provinces.

British Columbia Delegation

The Honourable W. A. C. Bennett
Premier and Minister of Finance

The Honourable L. R. Peterson, Q.C.,
Attorney General and Minister of Labour

The Honourable Waldo M. Skillings,
Minister of Industrial Development, Trade
& Commerce

- - -

G. S. Bryson, Deputy Minister of Finance

Dr. G. D. Kennedy, Q.C., Deputy Attorney General

Einar M. Gunderson, F.C.A., Executive Vice President,
Pacific Great Eastern Railway;
Director, British Columbia Hydro &
Power Authority

M. H. Smith, Director, Administrative Law,
Department of Attorney General