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WHITE PAPER
ON
THE
RESPONSIBILITIES OF
GOVERNMENT

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INTRODUCTION

Our nation, our province and our municipalities are living in a period of re-assessment and re-adjustment.

Our province is experiencing an unusual degree of economic expansion and prosperity. It is paradoxical that, in this atmosphere, many old problems take on new weight and new problems are created.

The government believes that the time has arrived when the respective administrative responsibilities and the fiscal capabilities of the federal, provincial and municipal levels of government must be clearly defined.

It is further believed that, as we move into an era of marked economic and industrial expansion, our provincial objectives should be re-defined and a course charted to ensure that maximum and continuing benefits will be secured for all our people.

This white paper will outline, in broad general terms, the background within which the province must establish its objectives. The principles upon which this government will develop its policies for achieving these objectives will be proposed in this white paper.

Further policy statements, by government, in specific areas of public responsibility and administration, will be issued in due course.

THE CHANGING RESPONSIBILITIES OF GOVERNMENT

It has been realized by the world at large that there are minimum needs in food, health, education and general welfare required by all human beings if they are to participate meaningfully in life.

These basic needs have been with the world for centuries but it has been only comparatively recently that any area of the world has been able to rise sufficiently above subsistence to turn its efforts towards the quality of life.

In accomplishing this step forward there have come two results: a realization of the great disparities existing in the world; and an understanding of how they may be reduced. The same general techniques which raised North America and Europe above subsistence can and are serving to alleviate need elsewhere. These efforts towards general improvement are both humanitarian and selfish -- they emanate both from the wish to help our fellow man and also from the realization of continued forced interdependence for survival.

The types and degree of disparities which exist can best be described by the following table. ⁽¹⁾

	<u>Per Capita G.N.P. (U.S. \$)</u>	<u>Population per Hospital Bed</u>	<u>Population per Physician</u>
United States	\$2,691	110	800
Canada	1,807	90	910
Sweden	1,703	80	1,100
United Kingdom	1,288	110	960
Venezuela	901	310	1,500
Japan	504	120	940
Nigeria	82	2,200	38,000
Kenya	79	740	9,800
India	73	2,200	5,200

(1) Estimates taken from various United Nations Publications.

Such efforts as expressed through the Marshall Plan, the Truman Plan, the Organisation for Economic Co-Operation and Development, U.N.E.S.C.O., U.N.R.R.A., the Alliance for Progress, the Colombo Plan and the hundreds of other international and national aid and assistance programmes have as a primary goal the elimination of starvation, the provision of basic standards of health and welfare and improved education. It is recognized that these are the basic problems of most of the world's people. Until these needs are met, it will be virtually impossible for the under-developed areas of the world to become sufficiently productive to support themselves.

Within Canada, the second most successful country in the world in rising above subsistence, these same problems and disparities exist relative to our economic strength and the achievements of our society.

Nevertheless, there remain today in this country many who have not participated fully in national prosperity. The disparities of income and opportunity remain great. The problem of waste remains great -- waste of human and natural resources which are the basis of our national wealth.

Few people starve to death in Canada but many are undernourished. Our health problems are within our ability to eliminate but many of our people are unable to avail themselves of proper medical care. Education is demanded of all our citizens but many disparities exist in its availability and quality.

There are still areas within our nation where infant mortality exceeds 46 per 1,000 while there are areas nearby where the rate is 20 per 1,000. Many parts of Canada have populations where over 20% of the residents above the age of 15 years have

less than grade four educational attainment. Wide disparities exist in incomes both between regions of the country and between the rural and urban population.

The wages and salaries per employee in manufacturing show an average for Canada of \$4,022 while New Brunswick lags behind by \$807 at \$3,215. Annual average incomes for employed males in 1961 were:

Canada	\$3,999
New Brunswick	3,070
Saint John County	3,604
Kent County	1,853

The number of families in 1961 with an annual income of less than \$1,000 as a percentage of the total number of families shows:

Canada	4.5%
Ontario	3.4%
New Brunswick	7.3%

As an indication of the importance of education to the individual, the family and the community at large, the significance of the following figures of average annual family income by level of schooling is obvious:

	<u>New Brunswick</u>	<u>Ontario</u>
Elementary	\$3,462	\$4,797
Secondary	5,066	6,296
University	7,932	10,104

These examples are taken at random from census and other material. Virtually any other sample would indicate the same disparities existing between the provinces and regions of Canada. To correct these disparities many national policies and programmes have been devised.

Since the war, and through the vehicle of tax revenue sharing, shared cost programmes, and re-alignments of responsibilities, the problems of the disparities within the nation have been attacked.

Where the tax rental and sharing arrangements have moved towards a recognition of varying needs in general terms among provinces, such programmes as the Agricultural Rehabilitation and Development Administration, Hospital Construction Grants and the national Hospital Care Plan, Family Allowances, the Trans-Canada Highway Programme, Technical and Vocational Training Agreements, Social Assistance, the special Atlantic Provinces Adjustment Grants and the creation of the Atlantic Development Board, have recognized the special problems within the country.

Hospital, school, highway and health programmes have all been developed through national efforts towards the establishment of minimum services for all. Through these shared cost programmes, New Brunswick has benefitted to a significant extent from national transfers of wealth.

Estimation of the allocation by province of the benefits or incidence of federal government expenditures and revenues is an exceedingly difficult task. Any figures developed are necessarily laden with many broad assumptions and the errors which come from estimates based upon estimates. Nevertheless, allowing for these difficulties it is possible to

establish the general order of magnitude of the allocation of expenditures made in a province or on behalf of a province and compared with the revenues ascribed to that province.

Such an estimate was prepared for the House of Commons in response to Question 741 and made order for return on July 22nd, 1964.⁽²⁾ These estimates show that Federal expenditures of \$272,169,000 were allocated to New Brunswick in the fiscal year 1961-62 as against revenue collections allocated to New Brunswick of \$134,186,000.

These figures would indicate a transfer of wealth in the order of over 200% of revenue collections within this province.

Without such a national recognition of the problems of disparities, and such a response to it, New Brunswick would today be living more than a generation behind the nation. Our ability to provide for our needs would be far less than it is today.

Within our province, the international and national problem is, regrettably, not only present but present to a significant degree. Not only is New Brunswick an area of disadvantage within the nation, but within this province the disparities of opportunity are overwhelming and the waste of human resources abnormally great.

Although the average expenditure for primary and secondary education in New Brunswick is approximately \$220 per pupil, the spread is from a low of \$126 to a high of \$340.

(2) Due to the complex nature of these estimates orders of magnitude should only be assumed from the figures referred to here. A detailed examination of the reply to Question 741 should be made if further analysis is desired.

Based upon 1962 figures, the following table indicates the disparity in per pupil expenditures:

Gloucester County	\$144
Restigouche County	144 ⁽³⁾
Kent County	147
Northumberland County	167
Madawaska County	191
Albert County	205
Charlotte County	210
Westmorland County	212
Kings County	228
Carleton County	231
Queens County	234
York County	238
Sunbury County	251
Victoria County	253
Saint John County	312

The inclusion or exclusion of the cities and towns within these counties changes the relationship greatly.

(3) No firm figures are available for Restigouche County. Assumption is made that it is not below Gloucester County.

Saint John County	\$312
Saint John County (ex. City)	267
Saint John City	340
Gloucester County	\$144
Gloucester County (ex. Bathurst)	126
Bathurst	303

Average per capita personal income in New Brunswick in 1961 was \$1,062 but many of our citizens were required to provide the necessities of life from family incomes of half that amount. The number of families with an annual income of less than \$1,000 (1961) expressed as a percentage of the total number of families in each county shows the following degree of difference:

Gloucester County	15.0%
Kent County	12.2%
Northumberland County	10.9%
Victoria County	10.2%
Carleton County	9.4%
Restigouche County	9.4%
Queens County	9.0%
Madawaska County	7.1%
Kings County	6.7%
Charlotte County	6.5%
York County	5.0%
Westmorland County	4.9%
Sunbury County	4.5%
Albert County	4.2%
Saint John County	3.6%

Within their own context the problems remain the same. Great disparities between nations, disparities within our nation, disparities within our province.

These disparities indicate great waste - waste of human and natural resources. The human waste, particularly within Canada where the tools for productive development are readily available, is easily the greatest waste of all. Citizens who could participate in the full development of our society are being denied the opportunity. Our entire nation loses through this waste and is unable to achieve its potential wealth and development by ignoring large segments of our population who would be willing to contribute if able to do so.

The success or failure of a nation can only be measured in its people. If its people are nourished, healthy and educated, the other measures of success -- wealth and work, creativity and culture, material goods and mental achievements -- follow with relative ease.

How can a society achieve its objectives and full potential of its people if some are too undernourished to have the strength, too unhealthy to stand the load, and too undereducated to care or be able to participate?

These are but examples of the problem. There are many other disparities among our people with influences of work irritating present problems and creating new ones to be challenged.

The problems which face our world, our nation, and our province are not new, nor is the desire to solve them. The many influences at work today serve to make us more aware of the problem about us. In some cases, these influences act to compound one problem while making the solution to another possible.

Scientific and technical developments now make us aware, with startling speed and clarity, of the difficulties which exist throughout the world. Communications have shrunk the world to where all parts of it are accessible within hours and knowledge of it is limited only by the ability of the human brain to absorb information.

Modern medicine is capable of solving most of the world's traditional ills. But, by doing so, the world's population is assisted in growing at a staggering rate. This serves to place greater pressures on our productive resources for food and will necessitate rigid allocations of land and water resources in the future.

Radio, television, air travel and other communications developments have been tremendous stimulants to the modern technological society. They have both informed us of conditions elsewhere and informed those less fortunate of the advanced conditions which exist in some parts of the world.

The development of synthetic fibres, while an immediate benefit to western society and a long run benefit to the under-developed populations, does create an immediate problem for peoples presently dependent upon natural fibres for their income and survival. Our society is equipped to adjust rapidly to such changes, other societies are not. If we are to proceed with the rapid changes forecast for us it must be recognized that re-adjustments will have to be provided for within all societies at whatever stage of development.

These adjustments cannot be considered the sole responsibility of those who must experience them. Society as a whole must bear a portion of the responsibility.

All the influences at work internationally are present in Canada. They are shaping our society much as they are influencing the world. In addition to this, the particular reactions outside our nation act as influences upon us as well.

The developments in communications are changing Canada dramatically. Many of these developments we all welcome. But the speed with which they must be assimilated is often determined by the action of others beyond our borders. The pace is set, not by one, but by many nations and if countries are to remain part of a greater society each must change and adjust accordingly.

Increasing mechanization and the growth of automation are having identifiable effects upon New Brunswick. The introduction of the chainsaw, for example, has enabled a man to cut in four days what formerly took six days using traditional tools and methods.

The fishing industry has been challenged by fleets from all parts of the globe and must constantly make use of more efficient technology to compete for the same catch. Employment has dropped with the substitution of capital for labour.

The result of this unrelenting pressure on our traditional methods has been the forced need to remain competitive through the adoption of new methods coupled with a transition towards new occupations. The growth of the services sector, relative to the primary and secondary manufacturing sectors, has been significant over the past two decades.

Such shifts in the way we work are influencing the way we live. We must be capable of not only orderly adjustment to change, but must be prepared to change our institutions to meet the challenge.

The recognition of these problems and the influences at work has resulted in a response throughout the world as indicated by changing institutions, the creation of new institutions and new approaches to meet new problems. A similar response has been taking place within the federal framework of the nation.

The structures of human relations are the creations of men in response to needs and as vehicles to achieve agreed objectives. They reflect both the realization of waste and, perhaps most important of all, the recognition of forced interdependence for survival.

The creation of the United Nations, the evolution of the European Economic Community, the establishment of the North Atlantic Treaty Organisation, the General Agreement on Tariffs and Trade, the World Bank, the International Monetary Fund, and hundreds more similar agencies are only examples of international interdependence.

The structure of inter-relations has changed dramatically to reflect the constantly changing needs of the world community and its needs to respond to the challenges placed before it.

Within the nation similar change has been taking place. In response to the forces and pressures of our age we have developed a nation, founded upon interdependence for survival, into one of interdependence for prosperity.

The functions of the Federal government are recognized as designed to achieve this purpose and the structure of our nation has changed to obtain the result.

Since the Conference on Reconstruction in 1946, there have evolved many structural changes to meet the expressed needs of the nation. Federal involvement in fields of health, welfare, education, resource development, and the general achievement of national minimum standards of services and life, has been in response to the accepted objective of shared prosperity to achieve national minimums.

This development is best displayed in the Federal-Provincial tax rental and tax sharing arrangements. The principle that all Canadians should share in the national wealth

to the extent of receiving a minimum level of basic services has evolved into a transfer of wealth throughout the nation. It also recognizes that wealth is the product of the interdependence of our people.

The significance of the following table lies in the variations between column (1) which represents the ability of a province to raise revenue at a standard rate of taxation and column (2) which lists the transfer payments made from federal revenue sources. The wide variation in the figures of columns (2) and (3) takes into account some of the other sources of revenue available to some provinces, i.e., extensive natural resource revenue, and also reflects the need for sizeable transfers to low income provinces to provide basic services.

1964-65⁽⁴⁾

Per Capita Receipts under the Federal-Provincial Fiscal

Arrangements Act 1961 - Amended 1964.

Province	(1) Standard Taxes Collected by or on behalf of a Province	(2) Federal Transfers Through Equalization, Grants, etc.	(3) Total Revenues to a Province Through the Arrangements
Newfoundland	\$18.40	\$75.75	\$94.15
Prince Edward Island	13.31	75.97	89.28
Nova Scotia	23.83	47.65	71.48
New Brunswick	20.89	53.38	74.27
Quebec	38.34	19.30	57.74
Ontario	57.15	2.30	59.45
Manitoba	36.74	20.73	57.47
Saskatchewan	26.34	27.54	53.88
Alberta	39.66	2.79	42.45
British Columbia	52.37	2.42	54.79
Total	<u>\$43.71</u>	<u>\$15.19</u>	<u>\$58.90</u>

(4) Based upon Table 25, The National Finances 1964-65, Canadian Tax Foundation, Page 121.

It can be seen from this table that federal taxes collected in provinces such as Ontario, Alberta and British Columbia are transferred on a high per capita basis to the Atlantic Region. This system has developed over the past 25 years and has constituted one of the most basic structural changes within our Confederation. Further developments are under consideration by the Federal-Provincial Tax Structure Committee.

The structures which served the achievement of national objectives at the time of Confederation have changed and changed again to serve new objectives and new goals. It is the major achievement of our democratic institutions that this has been possible, that our nation has not stagnated because of rigid structures and that the changes have been accomplished without fracturing our unity.

The structures and mechanism of our national interdependence must and will continue to adjust and change in response to the demands placed upon us by external influences, the dynamic forces operating within our society, and the constantly changing goals of our people.

Developments in Federal-Provincial relations recognize the rapid shift of emphasis from those responsibilities carried by the federal institutions to those carried by the provinces under our Constitution. Many of the important objectives of our society today are in the areas of responsibility designated for the provinces. These shifts of emphasis simply reflect the working of our constitution in its assignment of basic responsibilities.

THE SHAPE OF THE FUTURE

The actions and policies of government must aim towards the objective of guaranteeing acceptable minimum standards of social, economic, and cultural opportunity without in any way restricting maximum opportunities for the individual, the community, or any sector of our society.

The massive spread between the low levels of opportunity existing today, and the acceptable minimums which must be the objective of society, demands a complete re-examination of the role of all elements within our community and social structure and must be the concern of the total society.

The role of government in this total picture has expanded because of growth in those areas where only society as a whole can appropriately satisfy a demand and also because of the abdication of responsibility by various sectors of society. From carrying the residual role in achieving the goals of the community, government is being forced to carry the primary responsibility.

Active federal involvement in areas of primarily provincial responsibility is diminishing and will continue to diminish as the Federal government concerns itself with dynamic changes in national goals. Great strides have been taken in establishing national minimums of services which are in essentially provincial fields. It is necessary that this continue but it is also imperative that the federal sphere provide the leadership in defining new national objectives and methods of achieving them.

It is now necessary for the provinces to examine closely those structural changes which have been effected over the past two decades and assess their significance for the future. Not only have the changes in our federal fabric re-adjusted the orientation of

provincial and municipal structures and mechanisms of government, but many changes have developed independently at the provincial and municipal level.

The rapidly changing nature of life in the world, our country, and our province demands re-examination of our objectives and our means to achieve them. We must take the lessons of the international and national experience and apply them to our own similar problems.

The world has approached the problem of disparity and developed means designed to reduce it; our nation has approached the problem of disparity and our confederation is adjusting to alleviate it; our province and municipalities must approach this problem squarely and be prepared for the adjustments to achieve the correct solutions to problems of disparity and change.

The needs of our province, both in absolute terms and in response to the influences pressing upon it, demand a re-assessment of the roles carried by the institutions of government, the community, the family, the individual, and all elements within our society.

The areas of responsibility assigned to provincial governments by the constitution have not changed, but the emphasis and degree to which they are carried have changed greatly.

This paper has traced the recent development in the world at large and in our nation of a new conscience towards our neighbour, a new awareness of an ideal as old as Christianity itself. The principle of minimum standards of well-being has been accepted and institutional machinery and financial mechanisms have been fashioned to implement that principle.

The similarity of world and national problems to problems in New Brunswick have been noted. The degree of disadvantage, the inequality of opportunity within provincial borders has been indicated. Where do we go from here?

The functions of education, health, welfare, and justice have always been and will continue to be - the responsibility of the provincial government. We have chosen to discharge these responsibilities by means of a particular pattern of local institutions. That pattern has been based largely on a principle of permitting each locality to do the best job possible within its means.

The question now facing the province is whether we are prepared to accept the results of this pattern. If we are, then no hard decisions are required -- what has been, in terms of standards and structure -- will continue. If we are not satisfied, then we must examine the historical and present status of local self-sufficiency.

The essential service performed by the Royal Commission on Finance and Municipal Taxation is to challenge the continued appropriateness of local self-sufficiency and to pose an alternative. They suggest that the alternative is the adoption in New Brunswick of the same principles now governing international and national policies. The principle calls for an acceptance of minimum standards of service and opportunity for all citizens, regardless of the financial resources of the locality in which they live.

This is the principle which must be accepted, or rejected, before any meaningful discussion of ways and means can be undertaken. If it is accepted, then traditional ways and means, traditional institutions and patterns, must be re-examined.

The Government of New Brunswick is prepared to accept this principle. We are prepared to accept, from this point on, the full responsibility for acceptable minimum standards of education, health, welfare, and justice for all New Brunswickers. The Byrne Report provides one path towards the implementation of that responsibility. We are not yet satisfied that it is the only path.

We suggest that the municipalities and other agencies of local government re-examine their role and objectives, within a framework of a changing Canada and a changing society. The needs of the people which can only be satisfied through local effort, local thought, and local action are constantly growing and changing as well. They go beyond those functions which were the concern of the Byrne Commission and a re-examination of provincial responsibilities cannot be complete without a re-examination of objectives by all elements within the fabric of government in this province.

We would urge all citizens, all members of this House, all local governments, all interested groups, to set aside the problems of "ways and means" for the next few months and determine in their own minds what future they wish to see for our province. We urge them to consider whether we can continue to retain parochial views in a world and a nation which have adopted a different philosophy.

When a full understanding has been reached on this question, the proposals for change which the government will advance in due course can be assessed in a proper perspective.