

strength of having a strong Federal-Provincial Fiscal Arrangements and Established Programs Financing Act.

I certainly agree with the splitting by this Parliament of the post-secondary education contributions and the health care contributions. We are really transferring some \$5 billion per year to health care and some \$1.8 billion to post-secondary education on a cash basis. It is our responsibility as parliamentarians to be visible to our constituents so that they can see that the money we collect from the entire nation is being applied to specific programs and we can face the accountability. Then I can go to my constituents and say: "We are taking this amount of money from you in terms of taxes but here is how we are splitting it up: this amount goes back to the Province of Alberta in cash for post-secondary education and this amount for health care".

The bottom line question concerns the conditions we can impose on this cash contribution. The Canada Health Act will continue the conditions of universality and portability established back in 1957. It imposes two new conditions, one being a visibility factor and the other being that the money has to be spent for health care. We have to be accountable for how that money is applied. We must face that as well in post-secondary education.

This raises an enormous problem because jurisdiction under the Constitution lies entirely with the provinces. However, because of the enormous fiscal capacity of Parliament in terms of taxing by all means and methods across the whole nation, the question is what those reasonable standards would be. That is the issue about which we should be thinking now so that a Bill can be brought forward in the future setting forth those reasonable standards within the context of the Constitution.

There is no doubt that the federal Parliament will be paying some \$6.7 billion less to the provinces by 1985-86 for health care and post-secondary education. This was accomplished in the statute passed in 1982 wherein the federal Government cancelled the revenue guarantee. Once again I want to put on the record that I believe it was an improper action based upon what was perhaps a fraudulent excuse which did not bear up under the historical development of the revenue guarantee.

Prior to 1977 there was a transfer for health care and post-secondary education based upon the actual expenditures of the provinces. In effect, at the end of the year they would send a bill to the federal Government for 50 per cent. Under that system the costs were rising enormously because in the sixties the children of the baby boom were reaching university age. Also as a society we wanted mass education of our young people. This is why the university population rose so enormously. Clearly the costs to the federal Government were going up, so in 1977 it sat down and negotiated, with the give and take of a negotiation, the 1977 statute we are amending today. That simply imposed a base year and the federal contribution was based upon that base year figure plus an escalator calculated from the Gross National Product. There was a three-year delay in that escalation. However, again the federal Government felt it needed to cut back. Therefore it made changes to the statute, most notably in 1982.

Established Programs Financing

The revenue guarantee came into existence because in 1971, with the imposition of a new tax system, the provinces were concerned that they would not have the same tax revenue. Therefore the federal Government negotiated a revenue guarantee. It said to the provinces that if they accepted the 1971 tax statute, they would be given a revenue guarantee that they would not take less than before. The provinces accepted it and it continued in effect until 1977.

When the statute was passed in 1977, the federal Government negotiated away the revenue guarantee because it would have had to terminate the original agreement which could not be done until 1980. It simply said to the provinces that if they would accept an immediate termination in 1977, it would kick in an extra tax point. The provinces accepted the deal and it became the 1977 statute and the revenue guarantee disappeared.

I want it said again and again that in 1982, when the federal Liberal Party imposed a cutback of some \$6.7 billion, it did so on a basis which I believe was improper. Indeed, it might even have been fraudulent because the revenue guarantee had in effect disappeared.

Once again because different regions of the country have different fiscal capacities, a cutback at the federal level could be argued as being improper. The truth of the matter is that all provinces east of Saskatchewan have quite enormous provincial deficits and annual operating budgets which are tough. Therefore, how can they be expected to make up the shortfall? For example, the people of Prince Edward Island do not have the fiscal strength and base upon which to pick up their part of the \$6.7 billion. Thus I argue that we in Parliament should be more generous rather than cutting back. We can tax everyone across the country. Canadians accept the concept that they might be net contributors today but that in 25 years or 30 years the resources with the greatest fiscal strength might change or even disappear. It is part of the equalization concept. As well it applies to these programs.

I regret that the Liberal Party has decided to punish the young people of the nation because of its claim of restraint. There are various ways in which the federal Government could have saved the \$6.7 billion, such as air travel or excessive salaries in the Public Service for ourselves or our senior managers. There are all sorts of waste. We should look more carefully at the programs to which we apply tax dollars. In a time of enormous deficits, the Government gives \$7 billion or \$8 billion to a national oil company which is more inefficient than private enterprise and, in effect, destroys thousands of Canadian-owned oil and gas companies and firms in the service industries. That was an improper application of public moneys.

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We are now paying the debt for that decision. I do not want to let the Liberal Party or the New Democratic Party off that hook because Canadians are worse off today for those public policy decisions that have put them into debt.