

Federal-Provincial Fiscal Arrangements

a rather detailed study that equalization payments were not welfare in disguise. In fact, the economic value of equalization payments was important for all regions in the country and for the Canadian economy in general.

According to this principle, the federal Government took the per capita income received by the provinces from various fiscal sources and set a national average. That was the principle of the legislation that became effective on April 1, 1957 and has been maintained all these years, namely, the national average based on the income of the richest province or of a group of provinces. Some changes were made over the years because of developments in the economy and major variations in the prices of certain raw materials, so that from year to year, there were some changes involving either substantial additional payments or the reduction of some of those payments.

Therefore the basis of this legislation, the equalization payments, reflects a perception of this country that was held by the Liberal Government at the time and has been maintained over the years.

That concept of equal chances, equal opportunities for Canadians in my view is reflected in the theory that the central Government, if we are to maintain some political unity and some regional balance, must get involved with its national policies. And in the management of public affairs, because we wanted this country that is called Canada to be managed differently than that country which is called the United States, our neighbours to the south—because we wanted to be a nation of regions, a Canadian mosaic—we have devised and the successive governments inspired by the liberal view have maintained the idea that in Canada, central Government involvement was needed to maintain regional balance. And that quest for balance has led to equalization payments and national policies with respect to health, hospital care and post-secondary education.

That vision we have for this country has also led successive Liberal Governments to develop housing policies, transportation policies, financial institution policies. And I think it is worthwhile, upon entering the discussion on Bill C-44, to remind the Conservative Government that this nation was built because of national policies—as I have said before in this House—and the wilful deregulation policy constantly pursued by this Government is destroying that concept which Canadians have always had of the role of their national Government and of the role which this Parliament, the House of Commons have played in the development of Canada's social fabric and policies.

This is why I maintain, Madam Speaker, that equalization is one of the tools, one of the key elements of the vision we have developed for this country over the years. The so-called equalization payments do not only transfer moneys from the federal Treasury to the provincial Treasuries, they are much more—they express a vision of this country, a concept that was developed and accepted by Canadians over the years and that is important to them. Equalization payments are provided for under a piece of legislation that is much wider in scope—it is

called the fiscal arrangements legislation and covers other areas the Minister referred to, that is post-secondary education, in fact the established programs funding program.

Madam Speaker, the way this Government has been moving for two or three years on EPF and the way it is now tampering with the equalization formula, I have no choice but to sound the alarm and tell the Minister of State (Finance), so that he may convey the message to his colleagues, that in so doing the Conservative Government not only transfers its deficits to the provinces by way of the cuts made in established programs funding, but that provinces will be losing \$8 billion by 1990 because of the change that was made to equalization payments for established programs. Yes, \$8 billion—\$2 in Quebec, nearly \$2 billion in Ontario.

Certainly this shortfall in transfer payments will force provinces either to increase their deficits, to increase their taxes or to lower the level of their services.

And knowing the importance to Canadians of post-secondary education, knowing the importance of post-secondary education—research in our universities is one of the key elements of this nation's economic development—I say to this Government that they are making a big mistake while failing to solve any problem, because the deficit that is lowered at the federal level has to be shifted to the provincial legislators and Ministers of Finance, which means to taxpayers in each and every province. And the ability of the provinces to raise taxes in order to maintain the high level of post-secondary education, their ability to raise taxes to fund their health and hospital care programs, because they vary widely from one province to the other, my view is that little by little they are destroying or still reducing to a significant degree that chance for equal opportunities that Canadians hope they will be able to maintain from sea to sea.

Madam Speaker, the amended equalization formula features major changes, and one of the things dropped from the existing legislation is the interim payments which guaranteed the growth of equalization funding in several provinces. This provision will be eliminated. It had been offset by \$260 million in 1985-86, but in the long run all provinces will be losers because the Government has decided to do away with these interim payments which had been made over the first three years of the fiscal arrangement program ending March 31, 1987.

Madam Speaker, even if we were looking only at the post-secondary education financing programs, the health care and hospitalization programs, and now the equalization formula, we would be quite justified to make lengthy interventions to show the incoherence of this Government and its negligence with respect to the development of our various regions. But on top of that we must add cutbacks in the growth rate of federal Government payments to fund established programs such as health care, hospitalization and post-secondary education. Then of course we cannot ignore this Government's approach to regional development generally.