

*Federal-Provincial Fiscal Arrangements*

requirements. The minister also made the following statement as recorded on the same page of *Hansard*:

Within this framework of tax harmonization and uniformity, provinces are perfectly free to establish their own rates of taxation. They have been doing so to an increasing extent. This is the real test of fiscal independence and decentralization—the willingness to exercise the responsibility to tax as well as the responsibility to spend.

I must take issue with that statement, Mr. Speaker. Although we may recognize that, technically, within the present restricted framework the statement is accurate, there are also loopholes in it. At present the provinces can be involved in the system of taxation as proposed only if they accept the basic structure proposed by the federal government with respect to tax systems. They can then determine at what percentage level they want to have their taxes. However, they must accept the federal government's basic structure as it has been established. If one province wants to give greater benefits and exemptions to lower income groups, for example, they are not able to do so under the present plan. This is a real deficiency. I recognize that there are complexities in overcoming this problem, but I do not think it is fair to say that provinces are perfectly free to establish their own rates of taxation when they have to conduct themselves within the type of framework that has been imposed by the federal government.

• (1200)

The Minister of Finance (Mr. Turner) made another statement which is recorded on the same page of *Hansard*. The minister stated:

The present bill would also empower the federal government to collect, on behalf of Manitoba, Saskatchewan, and the four Atlantic provinces the succession duties which they have proposed. I want to emphasize that these provinces have made the decision to rejoin Ontario, Quebec and British Columbia in the succession duty field entirely on their own. We have had no part in their decision and have agreed to assist in collections only in response to their urgent requests to us.

That is a nice way for the minister to wash his hands of the entire area of succession duties, as the provinces are now taking them up. The federal government must take primary responsibility for this development. In fact, it was the federal government that opted out of the estate tax field in the income tax bill which was passed in the last session. The federal government must assume primary responsibility for the many problems that are going to arise with regard to the entire matter of handling estate and succession duties. In many cases, the provinces have no choice but to enter this field for purposes of obtaining revenue and so on. In fact, the federal government has recognized this in the definition of revenue sources, since they have included a reference to succession duties in the formula. The federal government has done a great disservice to Canada by opting out of the field of taxation of estates or any form of imposition of succession duties. One way to keep this country together, about which the government claims it is so concerned, is to ensure that there is one levy across Canada with regard to taxation of estates. That levy can most properly be imposed by the federal government.

Many inequities will very shortly develop. The new situation is such that nine out of 10 provinces will be in the

[Mr. Burton.]

succession duty field. The province of Alberta thinks it will get away with something by staying out of this field. In the long run, it may find that it will be faced with some serious problems. What is the situation with regard to some cases? In recent months some very well known and distinguished Canadians have passed away, leaving large estates. They happened to live in the provinces of Ontario and Quebec. Under the new plan, those provinces will be the sole beneficiaries of most of the succession duties of the estates of these people. In some cases these individuals gained their wealth and financial resources by carrying on business activity all across Canada, not just in the particular province in which they lived.

If the federal government is really concerned with the principle of equalization as a means of keeping Canada together, it has a duty to take the initiative and once again re-enter the field of taxation of estates by imposing an equitable succession duty, the revenue from which could be distributed among the provinces on an equitable formula. The only type of equitable plan in the long run will result from the federal government accepting its responsibility in this field.

I want to associate myself with the remarks of the hon. member for Waterloo (Mr. Saltsman). He stressed the importance of the equalization of transportation costs in Canada in the future. This is one of the thrusts that should be developed in federal policy in the coming years. Moves toward equalization of transportation costs would do a great deal to keep Canada together. This one step would do more to eliminate regional disparities in Canada than the millions of dollars which the federal government is handing to private industry and private business. Transportation costs is one of the major factors contributing to regional disparity in Canada at the present time.

I suggest this factor is important in relation to some of the comments made recently by the Minister of Industry, Trade and Commerce (Mr. Pepin) when he indicated he and his department are working on an industrial strategy for Canada. If the benefits of this new industrial strategy, whatever it is going to be, are to be equitably distributed across Canada, it will be necessary to ensure there is an equalization of transportation costs. With the technology and economics of the operations of many industries in Canada today, if we allow the present inequitable transportation cost structure to remain, many parts of Canada will be left out in the cold when this new industrial strategy unfolds.

While a good many aspects of the bill before us are concerned with economic measures and financial aspects of the operation of government, there are some features which deserve attention. Under this bill there is another five year extension of the Hospital Insurance Act, the Blind Persons Act, the Disabled Persons Act, the Unemployment Assistance Act and the Canada Assistance Plan. They are simply being extended for another five years. It is not clear whether there will be any changes or improvements in these programs. I certainly feel we should give them some consideration.

Today I would like to mention two particular areas which I feel should be kept in mind. First, I want to make particular reference to the Blind Persons Act. This is a selective program to assist people with a particular prob-