As for the shared cost programs, their operation raises the same kind of problems. The majority of existing programs do not do enough to reduce economic disparities in Canada since they favour the provinces that have a greater fiscal capacity and can afford a higher level of services. Again, the richer provinces are favoured by cost–shared programs.

Second type of problem, the fact that the federal government uses its spending power in various areas—and Quebec is well aware of this situation—leads to overlap, duplication and conflicting priorities which, in turn, unquestionably lead to a waste of public funds.

Third type of problem, here again, as was the case with the two previous programs, we are witnessing the progressive withdrawal of the federal government from several areas in which it had encouraged the provinces to make commitments. The circumstances are always the same. Because of its spending power, the federal government gets involved in areas that should be under provincial jurisdiction. Then, it decides that it does not want to be involved any more or that it cannot afford to be involved any more. Since its involvement has created a need over the years, its withdrawal forces the provinces to honour the commitment previously shared with the federal government.

Among cost shared programs, the Canada Assistance Plan is the most important of all federal transfer programs. If my memory serves me correctly, transfers under this program totalled $7.8 billion this year.

• (1120)

The Canada Assistance Plan, commonly known as CAP or the federal contribution to social assistance, is a good illustration of the problems associated with shared costs programs: first, the lack of explicit consideration of the gaps in needs and financial resources between provinces; second, the obligation for provinces to spend in accordance with the rules set under the plan, known otherwise as national standards that we traditionally have disliked in Quebec; third, inefficient management; and fourth, high administrative costs. Here again we have an absurd situation as far as shared cost programs are concerned, a situation that makes one question the value and strength of Canadian fiscal federalism.

Between 1984–1985 and 1989–1990, for example, federal transfer payments under the Canada Assistance Plan have grown at an annual rate of 11 per cent in the more advantaged provinces. Over the same period the less advantaged provinces showed an annual growth rate of 4.3 per cent only. As for Quebec, the growth rate was even less than the general average for the less advantaged provinces, amounting to 3.3 per cent over the same period.

In the budget speech for 1990–1991, the federal government announced that it was also setting a 5 per cent cap on the growth of its transfer payments under the Canada Assistance Plan. This capping contributed to reducing the share received by the more advantaged provinces—thank goodness for that ceiling—which decreased from 55.1 per cent in 1989–1990 to 50.2 per cent in 1992–1993. But we are talking about a lot of money. A shared cost program such as the Canada Assistance Plan provides more than half the funds to provinces that need them the least, that is the richest provinces in Canada. That is why the federal transfer payment system is flawed.

The shared cost programs include many other programs besides the Canada Assistance Plan. In 1992–93, there were more than 60 federal–provincial agreements under which Quebec, as well as all the other Canadian provinces, were getting transfer payments. Since the early 1980s, the federal government has opted out from many of these programs, as it did with previous programs, so that provincial governments, including Quebec, are now in a very difficult position which is also forcing them to raise taxes, while the federal government washes its hands of the matter.

What are we doing with Bill C–3? What we are doing is carrying on with all the problems that I mentioned to you, the almost absurd problems in transfers to rich provinces as opposed to poor provinces. So we carry on with this nonsense by attacking only one type of these transfers which is called equalization. The government sticks to the same absurd position by keeping the ceiling previously established, a position which misrepresents the role that equalization payments should play.

The Bloc Quebecois is opposed to Bill C–3, because it simply renews the ceiling on equalization payments. This Bill is contrary to the goal of equalization payments which is to reduce the differences in the ability to raise taxes between the better–off provinces and the less well–off provinces .

If the government is unwilling to remove the ceiling it should, like the previous government, acknowledge the fact that it is putting into question the goal of equalization payments and the principle of fiscal federalism expressed in the 1941 Rowell–Sirois report.

The ceiling, when it applies, reduces the transfer payments that a province would have received otherwise to maintain the same standard of fiscal capacity as the other provinces. I will quote the Quebec Minister of Finance, although it is not very often that I refer to Mr. Bourbeau. Mr. Bourbeau said, in referring to the ceiling, that today there was a difference in fiscal capacity of about 12 per cent between the wealthier provinces and the poorer provinces, after equalization. The question therefore arises whether the poorer provinces are really in a position to provide public services comparable in quality to those offered in the wealthier provinces, and at comparable tax rates.