

*Federal-Provincial Fiscal Arrangements*

the Maritimes and began his breakfast in a house heated by oil from Alberta and insured, in case of fire, under a policy originating in Manitoba. So the Newfoundland, though receiving grants from other provinces under this scheme, is nevertheless the buyer of products from the "have" provinces. This is the whole idea of the scheme.

But, while recognizing the realistic benefits of legislation of this type, I prefer to believe that the whole meaning of the legislation is based on the true meaning of charity, and that is love—love for our fellow man, love for our country. I can think of no sounder ground upon which to build a united Canada.

**Mr. David Orlikow (Winnipeg North):** Mr. Speaker, in opening the debate when he introduced this bill, the Minister of Finance (Mr. Turner) indicated yesterday that the purpose of the measure was to continue the arrangements which had been in existence for many years between the federal government and the provinces, arrangements under which the federal government pays to the provinces, dependent on various formulas of need, substantial sums of money to help poorer provinces particularly to meet the basic requirements of their people.

No one in this House would question, nor to my knowledge has any political party questioned, the primary objective of this proposal and of similar proposals made in years gone by, particularly since the Rowell-Sirois study completed almost 30 years ago. While we support the basic principle as enunciated in this bill and as explained by the minister, we wish to make it clear that we do not accept the suggestion that we have achieved the kind of equity which is required; neither do we agree that the proposals which have been made in the past year or which are contained in this arrangement are adequate to meet the needs of the Canadian people.

Without putting on record today the actual figures, let me say that I do not believe any hon. member would disagree with the statement that the differences in per capita income between people in provinces such as Newfoundland and provinces such as Ontario or British Columbia are still very large. We therefore support this proposal and other programs which have been evolved by federal governments to aid citizens in the poorer provinces and to bring standards in the fields of health, education and welfare in those provinces to substantially higher levels, to try to bring them somewhere near the standards which have been achieved in provinces such as British Columbia, Alberta and Ontario.

This having been said, we must still face the fact that today the disparities in income between people in provinces such as Newfoundland and Prince Edward Island, as compared with those of people in Ontario and British Columbia, are just as great in relative terms as they were 30 years ago. Of course, the incomes of people living in Newfoundland, Prince Edward Island and New Brunswick have gone up in the last 30 years. Relatively, though, they are still in the same position as they were 30 years ago, and this despite the tax-sharing agreement, despite the valiant if somewhat misguided efforts of the Minister of Regional Economic Expansion (Mr. Marchand), despite the shared-cost programs initiated up to date. For these reasons, I believe we ought to express a good deal less satisfaction with what we have achieved than I detected in

[Mr. Murphy.]

speeches made yesterday by the Minister of Finance and by the Secretary of State (Mr. Pelletier), who dealt with the proposals of the federal government in connection with post-secondary education.

• (1640)

I want to deal specifically with what I consider to be two or three basic, fundamental faults in the proposals that have been made by the federal government to the provinces. For one thing, the federal government made it clear to the provinces that as soon as it can in the very near future, it intends to restrict the amount of annual increase it is prepared to pay toward any shared-cost program with the provinces, particularly in the fields of health and post-secondary education. No citizen of Canada, certainly no member of parliament and, I suggest, member of any provincial legislature in Canada can fail to be disturbed by the very sharp increases, in costs that have been taking place annually in the fields of health, welfare and education. Therefore, it is not surprising that the federal government and provinces are beginning to reassess and re-evaluate programs in the fields of health, welfare and education, particularly post-secondary education.

Most of these programs that are now a fact of life in Canada are in fields in which we have made very spectacular improvements during the last 20 years, programs where the initiative came, quite properly, from the federal government. After all, Mr. Speaker, if any province in Canada has a government-operated universal hospital insurance plan, it was the federal government that first proposed to the province that the plan be initiated and that Ottawa would finance 50 per cent of the cost. Every province of Canada has a medical insurance plan under which virtually every citizen of the country can be assured that the cost of medical care will be met by the government through the raising of taxes of various kinds, such as sales tax or income tax, or some combination of tax and premium, while Ottawa is paying 50 per cent of the total cost. Hardly any province would have gone into such a plan had Ottawa not made it clear that it wanted such a plan and was prepared to meet 50 per cent of the cost. I am sure there is no provincial government in Canada that is not exhibiting marked concern at the sharply escalating cost of medical and hospital care. And so they should, Mr. Speaker. After all, the money to pay for these health care plans comes from the people of Canada in one form or another, be it through taxes or premiums.

Now that Ottawa has persuaded the province to enter into such arrangements with the federal government, the federal government is seriously considering terminating the agreement. It is considering withdrawing from shared-cost programs so that it will no longer have to pay 50 per cent of the cost. For Ottawa to say, as it is making very clear to the provinces, that it is giving serious consideration to limiting the annual increases in costs that it will pay in any one year is, I suggest, a unilateral decision that flies in the face of the principle that was jointly agreed upon by the federal and provincial governments. I agree with the studies that are being conducted by the federal government and the provinces into methods of slowing down the very sharply increasing cost of health and hospital care. The people of this country cannot afford to