

The Budget—Mr. Stanfield

suggest in respect of controlling the growth of the expenditures in these programs, then they really are only indicating that they do not understand what is causing the costs of these programs to escalate as rapidly as they are. I find it difficult to believe that these gentlemen could expect anybody to take them very seriously, when this is all they have to suggest in the way of saving costs in respect of the shared cost programs.

How do the Prime Minister and the Minister of Finance really expect to control the costs of these programs? The answer is clear. They intend to get out of them as fast as they can, and transfer so many tax points to the provinces in this connection. The poor provinces will then merrily try to meet the escalated costs from the revenue transferred to them. The Minister of Finance referred me to a certain statement made in 1966 by the then minister of finance, who made it very clear that the administration payment would not be escalated—

Mr. Benson: In the final settlement.

Mr. Stanfield: Yes, certainly. Now, now! The Minister of Finance cannot help himself. Under the terms of the agreement he has to meet half the costs of these programs so long as the agreements are in effect, but once he can get out from under, if the people of Canada leave him there long enough to do it, he and this government hope to transfer so many taxation points that will not necessarily escalate revenue in proportion to the escalation of the cost of the programs.

When the Minister of Finance suggested, in answer to me here this afternoon, that the government of Canada would provide the provinces with at least half of the costs of the programs I was going to say he was not being very frank, but I will be a little more tactful and say that perhaps he did not understand my question. In any event this is the government's ultimate method to control federal expenditures under the shared cost programs. It is going to get out of them. But how does the government propose to control them in the meantime? Surely not in the rather minor ways the minister and the Prime Minister have talked about, because the Minister of Finance, if he had a cavity in his eye tooth, could not pay to get it filled with the money they would have next year by any of the methods they have talked about so far.

[Mr. Stanfield.]

• (4:10 p.m.)

The only thing I can say is the government believes the provinces will have to cut back on their educational and cost-sharing programs, because it is not going to allow the provinces any bigger share of revenue or any share of the increase in income tax it is imposing. The provinces will have to spend more money to support the new programs the federal government is adopting. For this reason and because of the general financial situation of the provinces they will have to cut back on these other programs. That is the only way I can see that the minister could have in mind actually reducing the rate of acceleration of these share cost programs. He is giving the provinces no option but to cut back on these programs. He is reinforcing this, in effect, by forcing the provinces to join the federal government in the new program. This message is very clear.

The provincial position is quite clear. Provinces need revenue to meet the existing costs of their programs. The minister can take a hard line against the provinces, with the hope that they will have to cut back in one way or another on all their programs, especially because they are going to be virtually compelled to join him and his colleagues in this new program. There is absolutely no other method of control indicated by the government. Any other suggestion which has been made is comparatively insignificant.

One might ask what is wrong with this method upon which the Minister of Finance is relying? I suggest it is obviously wrong for the federal government to hold the line on tax sharing while compelling the provinces to adopt the new program involving substantial new expenditures on the part of the provinces.

I am not talking now about the merits of the program. There are lots of desirable programs that might be adopted in Canada. It is clear to me that if the federal government is hard up, and it surely is, and if provinces are hard up, as they surely are, it is poor behaviour for a central government in a federal country to decide unilaterally that the provinces must adopt a new program. I say with all sincerity that in the present context of financial difficulties at all levels of government such a decision should be a joint decision. It is improper and dangerous conduct for the minister and his colleagues to decide on their own that this is a program the country should proceed with, even though the minister says this is a good program. In the