

### *Federal-Provincial Fiscal Arrangements*

get a consensus, so we'll go back to the drawing boards and look at some proposals, but the parameters are still there.

It then turned out that this \$175 million would be extended over two years rather than one. Members of the New Democratic Party have raised this supposed misunderstanding. It is not a misunderstanding but a renegeing on an obligation to partially modify the cut-backs.

In looking at the actual figures we see that equalization payments as a percentage of GNP have fallen. I think this is the more realistic way to look at them. In absolute terms, of course, they have gone up, but we also have inflation. There is also growing wealth in our country and relating equalization payments to GNP is a very relevant way of looking at what is happening. In 1982-83 it was 1.35 per cent and it decreased over the following years to 1.34 per cent, 1.29 per cent and 1.15 per cent. By 1986-87 it was down to 1.08 per cent and in 1987-88 it was down to 1.06 per cent. That is not a very large percentage of the GNP and we can see that the proportion has been sliding.

In looking at equalization payments compared to the Consumer Price Index, which is a measure of inflation, we see that the increase from January, 1983, to January, 1987, was 9.9 per cent. In that same period of time the Consumer Price Index rose by 18.5 per cent. From 1983 to 1988 equalization payments were at 15.1 per cent and the Consumer Price Index was at 22.8 per cent. In short, by objective criteria the equalization payments are falling behind.

The provinces which have to provide the services and pay in real terms because the costs of services are going up, are having a great deal of difficulty finding the money to meet those needs. The best criticism of the federal Government's actions on equalization is simply that the program does not meet its constitutional requirement to provide comparable levels of service at comparable levels of taxation.

I simply want to reiterate the concerns that teachers have raised about the amounts of money available for education. Education is, of course, a provincial service, but equalization funds are one means through which the federal Government can help out. Expenditures on students very much reflect the availability of equalization payments and school board expenditures have reflected this failure.

The Canadian Teachers Federation has examined the situation seriously because of its concern for quality education and has discovered that the discrepancy between have and have-not provinces in funding of primary and secondary education is actually increasing. The gap between the provinces fell in the early 1970s but has subsequently risen. In other words, the failure of the federal Government to provide adequate levels of support through equalization is having a direct impact on the education of children. This is something which we regard as extremely regrettable.

I would particularly like to mention the case of Manitoba, one of the provinces which has been most hurt by the changes instituted by the Government. I want to repeat the protest

which Manitoba has made that the federal Government does have a responsibility under the Constitution to aid in equalization payments.

**The Acting Speaker (Mr. Paproski):** Is the House ready for the question?

**Mr. John Parry (Kenora—Rainy River):** Mr. Speaker, I am glad to have the opportunity today to rise and speak on Bill C-44, and particularly on the amendment presented by our colleagues in the Liberal Party. Indeed, in commenting on this amendment I think it not out of place for me to point out that we have not had a speaker from the Liberal Party on this Bill for a little while. I might ask why that is. Surely if they put an amendment forward they must do so from a sincere belief in the principle of the amendment, and there must be more of them willing to support it. For obvious reasons we in the New Democratic Party have adopted this amendment which now appears to be parentless, without its original progenitors. In proposing the amendment in the first place the Liberal Party displayed more gall than grace, as I will demonstrate from an examination of the Liberal Party's record on equalization.

• (1700)

In speaking to the amendment, I believe it is worthwhile to set out some of the basic principles of equalization and what equalization is intended to accomplish.

Equalization is not a form of charity but an investment in Canada, particularly in Canadian unity. It is an investment in a system of financial transfer which is intended and, to some degree, does provide the poor provinces in this country which have lower tax bases, lowering taxing ability and lower tax yield, some opportunity to offer services on a reasonably comparable basis with those of the wealthier provinces.

Equalization is somewhat of a misnomer because equalization payments do not equalize. There would even be those, particularly on the government side, I suspect, who would claim that it is not really the intent of those equalization payments to equalize, but more to provide a balance.

While I will not attempt to calculate the details as to what extent equalization or balancing is accomplished, it is worthwhile to examine why this is attempted in the first place. There are very good ethical reasons for us, as a sovereign country, to attempt some form of equalization. It has been said that civilized societies—as we claim and others judge us to be in this country—are judged not by the standards of our wealthiest sectors but by what sort of services and lifestyle are available to those who, through no fault of their own, are forced to rely upon the support of their fellow citizens and the public purse.

There are even more compelling, pragmatic and practical reasons why equalization should be attempted in Canada. We are a mobile society. Those with whom we rub shoulders in the bus line or at the airport may have been raised and educated in a part of Canada that is 5,000 miles from where we live. They