

*Established Programs Financing*

post-secondary education was an unwarranted intrusion by the Government of Canada in a strictly provincial jurisdiction.

I recall that my former colleague, the then Minister of Finance, the Hon. Donald Fleming, negotiated an arrangement with the Province of Quebec whereby the province would be transferred a number of tax points without any conditions but well knowing the revenue would be used for post-secondary education. This was done by Quebec governments in their own indeterminate fashion in the years that followed.

We have had a succession of Fiscal Arrangements Acts. I think during the time I was finance critic and even when I was on the Government side prior to that there were negotiations for amendments. There were changes. I remember that revenue from resources was a very, very useful portion for the equalization of fiscal resources for the provincial governments.

● (1220)

if anyone is interested in why we have fiscal arrangements, let that person go to the report of the Rowell-Sirois Commission in the mid-1930s which was the source or inspiration for fiscal sharing. There is one thing I must protest, and that is the suggestion that the Government of Canada contributes all the money under these arrangements. Balderdash! The federal Government does not contribute; the federal Government collects moneys which the provinces would be entitled to collect on their own and then by agreement—and as far as this Government is concerned, an agreement is something which is to be broken on any given Monday morning—they are allocated or redistributed to the provinces under a formula. I do not need to go into the formula involving per capita, the history of resource production and so on.

Why is it that under the earlier Act the Province of Alberta with its petroleum industry contributed far more before the National Energy Program and the raids by this administration on that industry? I admit that in the early days the Province of Alberta was a have-not province. I saw the difficulties in resource revenues when there was included the sale value of leases; it was an alienation of resources. What was a disposal of capital asset was treated as revenue; but such was agreed by the federal Government and some of the provinces, and Alberta suffered under this unfortunate interpretation. There was only one voice against the others. Everyone had their noses into the through of this new-found wealth in Canada.

That history is a long and very interesting one, but it is totally ignored by the present administration which wants to break the agreement of 1977 as it broke it in 1982 by the block funding principle. Now it wants to impose unilaterally the six and five as though the money going to the provinces under Established Programs Financing was the federal Government's money. Whether it is by the calculation of the revenues arising out of the transfer of tax points or whether it is a cash distribution, the Government of Canada says to the provinces: "That is our money. In the spirit of the agreement, we will

limit you to six and five for 1983-84 and 1984-85". Nonsense! That is a total breach of faith.

For what are agreements made between the strata of government in this country representing the same people? One would almost think that the Government of Canada represented one people, that the provincial governments represented another people, and that there had to be something gained, one over the other. That is the mentality of the centralizers and the centralizing philosophy of this administration and of the mandarin which support it.

We see how much interest there is in this arrangement. We must remember that it is retroactive because in so far as post-secondary education is concerned, it will go back to April 1, 1983. There are some additional changes which will be made when the other piece of centralizing or power-grabbing legislation called the "Canada Health Act" comes up for discussion and implementation. That date will be April 1, 1984.

On Friday the Hon. Member for Mississauga South (Mr. Blenkarn) put many figures on the record. I commend them to Hon. Members. His view of the Act coincides with mine even though I have not discussed it with him. But such is my assessment of this Act and what it drives at that I find myself—or shall I say that we find ourselves—on a common path. I refer to what the Hon. Member said, as reported at page 817 of *Hansard*:

The original agreement made in 1977 between the federal Government and the provinces looked after and put all the various shared cost programs dealing with post-secondary education, medicare and hospitalization into a block of funds called the established programs fund. The amount of money to be transferred by the federal Government to the provinces was made up of what was deemed to be certain transfers of tax points and certain equalization of that amount in a cash transfer. It was a block funding arrangement

The 1977 agreement could not be put more succinctly. Even though that was a derogation in principle from the original agreements because the block funding was established upon a moving formula with a three-year averaging of the growth in the GNP, in an inflation period the provinces saw their share of funds coming down because the national GNP went down. There was not any proportionate growth to costs in the moneys returned to the provinces which were properly theirs, and we have had difficulties in the provinces with health care, medicare and post-secondary education. It is only those provinces in a have position which have been able to take funds from other sources to meet the legitimate but highly escalating costs for health care, medicare and post-secondary education. I say to my friend from Ontario (Mr. Fennell) that I am not too sure that more money has to be spent on education. The big problem in this country is getting productivity out of education. We have been living in a fool's paradise where a lot of the so-called education being foisted upon our youth from primary school on has been totally and irrevocably opposed to any progress we should have been making with regard to productivity and to meet the competitive edge of the world about us.