

Federal-Provincial Fiscal Arrangements

federalism recognize that we need to have a federal government that is capable of moving in and supporting various national programs. When some of the poorer provinces express concern about the number of tax points, what they mean is that as more and more tax points are transferred away, the federal government loses the economic base which it needs to provide assurance of some level of national standards.

I do not know how far Ottawa can go on turning over tax points and still retain the power of equalizing, because equalization is funded out of the remaining tax points that the federal government continues to collect. At some point—and I would argue that we are fast approaching it—the federal government should take the position that this is as far as it will go. We cannot guarantee revenues indefinitely. We cannot equalize to the highest average and still give ourselves the economic base to ensure that this country has national standards in areas where these become endangered. It concerns me that the federal government may lose the economic clout that it needs to do its job.

I am not worried that the poorer provinces will no longer be able to continue to meet their responsibilities under these programs. That argument is a red herring. I am not worried that some of the provinces went home sounding angry, or that all the provinces went home with something to grumble about. They did not get 100 per cent of what they wanted. But if they had received it, they would have emptied the federal resources to such an extent that Canada would have been seriously weakened; we would have lost the power of manoeuvrability that the federal government, at the centre of so large and diverse a country, requires.

We do not expect the provinces to come cheering about this fiscal arrangements act, but what is disappointing is to find the opposition parties dragging out red herrings and attacking them, instead of wondering—in what I would submit is a more critical issue—where the federal government goes from here. Is our federal tax base adequate to discharge our responsibilities in a diverse country which is threatened, as we all know, by all kinds of internal and external problems?

Mr. Jake Epp (Provencher): Mr. Speaker, I am pleased that I can participate today in a debate on this bill on federal-provincial fiscal arrangements. Members of the House are in a difficult position as we debate this bill, in that we are facing a plan which has already been agreed to by 11 persons, namely, the first ministers of every province, and the federal Prime Minister (Mr. Trudeau). So we are facing a fait accompli. We are really asked to give rubber-stamp approval to something that has been hammered out behind closed doors.

I think I understand that much of the negotiation that takes place between the federal and provincial governments must take place behind closed doors. Obviously, every one of the persons involved comes to the bargaining table with a plan of what they would like to see incorporated in any agreement. Also, I am sure, in their more realistic moments—after they have looked at the losses—they say, “This is what I must have in order to go back to my provincial electors and say to them

[Mr. Kaplan.]

that I have bargained in good faith, and this is the best I could get”.

I understand that. But what I feel is basically wrong with the approach of the government is that at no time prior to the negotiations were we given, in the House, an opportunity to discuss the broad outlines of what we are debating. All we can do now is say “Yes” or “No”. We are in the same position in which the provinces found themselves when they were told, “Here is the deal—take it or leave it. But we have decided that this is what the deal will be”. I know, as I look at members of the House who have attended these negotiations personally, that the federal government proposed a program and sugar-coated its proposals in such a way that the provinces had no alternative but to opt in. However, once having opted in, as the years went by the rules were changed—again by the power of the federal government. The government wonders why there are strains in federalism. I think it is self-evident. A strain is bound to occur in the system if changes are brought into the rules of the game halfway through the game which was played in good faith.

There is no question that the provinces will have to bear an increased burden. Not only will there be an increased burden on the provinces but there will be an increased burden on the municipalities. We all know that the municipalities have not seen an appreciable increase in the base on which they can collect taxes. It has been primarily the municipal land tax on which they have relied. Also, throughout Canada they have gone to their provincial governments and said, “If we are to provide the basic services of transportation, education, and the basic infrastructure to run municipal organizations, we will need more tax points from the provincial governments”. But the provinces do not have the ability to bring more money to municipal affairs. In fact, the Manitoba government desperately tried to project to Manitobans the financial straits in which the provincial government finds itself. In Manitoba 40.5 per cent of the federal tax is for the provincial government and another 2 per cent goes to the municipal governments, for a total of 42.5 per cent. The provincial rate is 42.5 per cent of the federal rate. Already an attempt is being made to project the fact that the provinces will not have the ability to give municipalities the resources which are needed for services.

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In this discussion I want to give the House my views on how I see the federal state operating. I want to do this not in a partisan manner but to present to the House the feelings of a person who has lived in western Canada all his life and who is, first of all, a Canadian. I am sure all members of this House are in that position, but if we are to understand the federalist system and if we are convinced that unity must be preserved we must also be bold enough to present to the House the position our constituents back home are taking. Having said that, how do we see our responsibility, as federal officials, to bring to the attention of our constituents the reasons Canada should remain a country and, why unity is so desperately important and the federal union must survive?