

Federal-Provincial Fiscal Arrangements

which we will make if we pass this Bill, the cut-backs in EPF funding will provide for a two-tier health system. The best services will be available in the have provinces like British Columbia, Alberta and Ontario and the second tier of inadequate health services will be available in the other provinces. It is for these reasons that I join with my colleagues in opposing this Bill.

Let me point out the situation in my own Province of Manitoba. Manitoba alone of the equalization recipient provinces will face a year-over-year decline in grants. In 1986-87, Manitoba was the only province to receive a supplementary payment in the amount of \$65 million. This brought its total equalization grant for the year up to approximately \$506 million. However, according to the document entitled *Fiscal Equalization* issued by the Government with its legislation, Manitoba will receive just \$469 million in equalization payments for the year 1987-88 despite the fact that it has demonstrated its need. This is the only province where there will be an actual decline in payments, a decline of \$37 million.

We believe that this decision made by the Conservative Government is unfair. Despite the arguments of government Members that they are willing to consult, we believe that for them consulting means listening to the people who object and then going in the direction in which they intended to go in the first place, something which we consider to be highly improper.

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I rise this afternoon to speak to Bill C-44 and to raise some concerns. I represent a riding in Ontario, a province which is an in-between province. It is certainly not the worst off of the provinces; nor is it the best off. However, as a Canadian, I share the concerns many of us have over the plight of the poorer provinces.

The Bill before us today which deals with equalization follows through on cut-backs made in other legislation. In Bill C-96, which was before the House last spring, we saw cut-backs in the formula, and of course that Bill put at risk post-secondary education and health care funding.

I would also like to point out that education in the have-not provinces is sometimes disadvantaged by other measures. The problems faced are compounded by the direction in which other provisions are going. An example of this is the Secretary of State's funding for education in the second language or in minority languages. This funding helps considerably, though it is not the main source of funding. It augments funding available for education in the have-not provinces. However, because this funding is directed in large measure toward Anglophone institutions in Quebec, institutions which are quite well established and well funded in their own right, there is less money to go around for Francophones in Manitoba, Alberta, Saskatchewan and British Columbia. There is less money for communities which depend very much upon these special programs. We see that there have been cut-backs there

and that they are disadvantaged. Therefore, they are disadvantaged with regard to funding in the main programs and also in the more specialized programs to meet particular needs.

• (1650)

Canada's equalization program is designed to ensure that the provincial governments have sufficient revenues to provide reasonably comparable levels of service at reasonably comparable levels of taxation. This is very fundamental to our federal system, although it is not something that President Reagan understands very well. He simply sees it as the state doing too much and advises us against statism. However, what Mr. Reagan calls statism is, for us, caring.

As a country we care that all our communities not suffer, that the wealth be shared, and that a reasonable standard of service be provided to Canadians all across the country. We want Canadians who happen to live in economically disadvantaged areas to be guaranteed a good quality of service, especially in such key areas as post-secondary education and health care services. Equalization payments have been absolutely fundamental in ensuring that there is a standard for all Canadians to which all Canadians are entitled. All Canadians share in it by paying their taxes.

Although equalization is not perfect, it is one way of sharing the burden between economically advantaged and economically disadvantaged provinces. These provisions have varied since the time of Confederation. They go right back to the BNA Act and there has been some support for the provinces with the assumption of provincial debts and per capita subsidies.

Over the years as the burden of services which the provinces have had to provide for citizens has increased and the tax revenues available to the federal Government have increased certain measures of equalization have been taken to ensure that the provinces can provide those services.

However, the present Government is failing to honour commitments made. This is especially shocking since the Conservative Government made much of the failure of the previous Liberal Government to honour commitments. There were cut-backs which began under the previous Liberal Government and the present Government has continued them, but it has had the colossal effrontery to claim the opposite. In the Speech from the Throne there was a statement about national reconciliation. We wonder where national reconciliation is when it comes down to the nitty-gritty of equalization payments and how the regions are to live with each other. The Government talks big about reconciliation but the federal Conservatives are in fact failing to honour commitments made.

One response of the Government is that there ought to be a phasing-in period and that \$175 million could be added to the pot to take some of the sting out of the cut-backs which were coming in equalization payments. The Minister of Finance (Mr. Wilson) stated:

I believe that an augmentation of \$175 million in a year, close to \$5 billion in a five-year period, is a very major increase in that program. We weren't able to