

Federal Transfers to Provinces

the budget he so loudly supported around this country, knowing he was saying to other people around this town that maybe he was not quite so sure. Perhaps we will see what he does now that he is not a parliamentary secretary.

Mr. Speaker, I want to conclude with this. This country will not work if provisions like this change, which radically affects 20 per cent of federal spending and the basic services to Canadians. The country cannot stand another attack by this level of government on those programs unilaterally. We are in a state of difficulty in Canada, and those who do not understand that yet have only to go west and look at some of the feelings about central Canada and about Canada in the west. We do not need another attack on co-operative federalism from the other side. In my view, Mr. Speaker, this proposal, imposing as it does unilateral cuts on the provinces without their support and agreement, is a method that is opposed to the royal commission that was recommended by my leader, wherein we had it as a policy to review federal-provincial payments and transfers in order to get the co-operation of the provinces, to recognize the realities that are coming to Canada.

If you choose not to do it that way—as this government proposes to do—if you choose to move again against the provinces and against those services that the people care about, then you can expect that you will get—and you are getting it—an ever greater concern, ever greater belief that Ottawa does not listen, that Ottawa does not care, and that Ottawa is interested only in pretending to be interested in restraint, while it cuts off those services that the people care about.

Mr. Speaker, surely we should know by now that that attitude will not work and that we risk something very dangerous when we continue with an attitude that flies directly in the face of those Canadians who care deeply about true federalism and co-operative federalism.

I hope, Mr. Speaker, that we will see throughout this debate the beginnings of the change which is necessary on the other side on this, as we had to wait to see it on the energy bill, as we had to wait to see it on the constitutional proposals. I hope, at least now that it is here, that we will see a recognition finally, that you cannot cut off transfer payments to other levels of government unilaterally and cut services that people like and are used to and need, without expecting a terrible backlash against the level of government that proposes to do that; and we need and can stand no more of that.

Some hon. Members: Hear, hear!

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I am not in the habit of responding to remarks of previous speakers, but the hon. member who has just taken his seat did make a direct reference to me, and in the course of my remarks I shall be replying specifically to the point he raised concerning the recommendations of the special parliamentary task force and the position which I played on that committee.

The provisions of Bill C-97, which amends the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, follow many of the recommendations of the all-party parliamentary task force which reported last August. The task force, on which I was privileged to serve, held hearings in every part of the country, and met with representatives

of all the provincial governments. These meetings led me to understand better the concerns of the provinces and of the many groups and individuals affected by these arrangements. As a participant in that special task force I paid particular attention to each recommendation and I fully support every one of the unanimous recommendations.

Where a recommendation was not unanimous, and where I wanted to make it clear that I was not in agreement with the recommendation, I did so by recording in writing to the Minister of Finance (Mr. MacEachen), on the day that the report was released, my own comments on the particular recommendations. I made that letter public. I did so not because I had any major disagreement with the report of the task force but because I felt that it was necessary to elaborate on certain points. Since I could not get them into print in the report, I added them at the time that the report was released.

There is one such item which I will mention here, and I will not hide behind either the report or its recommendations. The recommendation to continue the revenue guarantee was not a unanimous recommendation. I was one member of the committee who wanted the revenue guarantee discontinued. I saw no value to the continuing of the revenue guarantee; in my opinion it should have been discontinued in 1977. Nine of our ten provinces can decide on the percentage that they will get from the amount that is levied by the federal government on its tax form. Each year each individual province can change that percentage if it so wishes. The provinces therefore can take upon themselves the raising of the funds which they need for their own provincial purposes. In my own province, the province of Quebec, the province has its own direct provincial personal income tax. Thus, that province also can decide the level to which it wants to tax its citizens. In seven of the ten provinces there is an agreement on corporation taxes. However, three of the provinces levy their own corporation taxes. Once again the provinces themselves can decide to what level they want to tax their citizens.

I fully support the maximum possible funding at the federal level, and I support it for a reason which is not often discussed, and I am not afraid to discuss it. I support it because, in my opinion, the raising of funds at the federal level is in itself a form of equalization. Quite apparently, more money is taken from those who are wealthier, who have larger incomes and therefore pay more taxes. Quite obviously and quite apparently the people in the province of Alberta pay more in taxes than the people in the province of Newfoundland.

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Thus I fully support the maximum use of the federal taxation powers as a form of distribution in this country where, in my opinion, there is already too much decentralization. However, as far as the revenue guarantee was concerned, which was introduced in 1972 in order to tide over the provinces while they made their own arrangements for the raising of funds, which, it was alleged in 1972, could have been reduced as a result of a federal budget, they did not take