

but more have had to be built. They said the cost of health care would go way up. What do we find in fact? We find that we put less of our gross national product into health care than the United States, where they do not even have universal coverage. Our system is less expensive than the free enterprise system that the Conservatives tried to retain.

There was the same kind of gloom and doom from the Conservatives ten years ago when the programs were introduced. Now that the government is bringing forward changes consistent with federalism we are hearing gloom and doom from the socialist party about things that will not happen. The level of post-secondary education will not go down, and the quality of medical care will not go down. I doubt if user charges will be introduced, although that will be a matter of jurisdiction for the provinces. That is the constitutional responsibility of the provinces, and it is largely up to them under our federalism to control the quality and level of post-secondary education and medical care that they receive.

I can hear the New Democratic Party getting ready to come back with figures about cost. The change from cost-sharing to tax points proposed in the legislation, they say, takes it out of the power of the poorer provinces to maintain the level of medical services. That is another irony, Mr. Speaker, because exactly the opposite is going to happen. Tax points are far more dynamic and buoyant than costs. It has been shown in the past, and will continue to be true, that the value of tax points will increase faster than the cost of medicare programs and post-secondary education programs. Tax points are something the provinces want; they grow faster than costs.

Mr. Douglas (Nanaimo-Cowichan-The Islands): If you believe that, give them a revenue guarantee.

Mr. Kaplan: I will come to the revenue guarantee. What about poorer provinces? Their tax points are worth less there than the tax points of other provinces, they say. But this legislation does not just give the provinces tax points; it gives them tax points equalized to the national average. The hon. member for Nanaimo-Cowichan-The Islands read some figures. I do not know where he got them from, but he said they were transitional payments to provincial governments. That is not equalization; and the fact that British Columbia and Alberta were getting the highest transitional payments demonstrates that under the cost-shared programs the greatest beneficiaries have been the richest provinces. In the transitional period they get the biggest benefit because they get the biggest benefit from cost-shared programs, both the ones before us today and all other cost-shared programs. Fifty per cent has to be produced by a province, rich or poor, to get a matching 50 per cent from the federal government. It has been easier for Ontario, British Columbia and Alberta to buy federal help.

The tax points will be turned over to the provinces whether or not they spend the money on these programs. We hope they will spend the money on these programs, but it will be up to provincial voters ultimately to determine the level of services which the provinces provide. It is in them that the constitution has reposed that responsibility.

Federal-Provincial Fiscal Arrangements

Wanting to support federalism that truly works, we are putting tax resources back behind the provinces, which is the level of government that has responsibility over these programs. Tax points are equalized. That is important. We have to look at the correct chart and not at the one the hon. member read on transitional payments. If we look at the chart on equalization payments, we find that when a poor province receives a tax point, if it received less than the national average the federal government—out of the taxes of the rest of the country—will make that amount up to the national average. So tax points for the poorer provinces are equal to the national average. Far from moving away from financial responsibilities for these programs, the federal government retains responsibility for keeping payments equalized to make sure they are as valuable to any particular province as they are on the national average.

Some hon. members may ask why the provinces are not cheering with joy if this legislation is as good a deal as I have described. They are not cheering because they got together—the hon. member for Nanaimo-Cowichan-The Islands paid tribute to them for this—and agreed on the position to present to the federal government.

It was very easy for them to agree on the highest common denominator of the demands of provincial governments. That was not an agreement, Mr. Speaker; it was a shopping-basket that contained the maximum demands of every province. I do not know if it can be called an agreement. The provinces that were concerned about tax points got tax points; the provinces that are poorer and looked to tax points said, "Let's have them equalized up to the highest level, the level of the province that is best off." It is an agreement for the provinces to get together and say, "Let us demand both", and then the demands of those provinces that prefer the cost-sharing programs, the ones that are able to write cheques for 50-cent dollars and expect the federal government to make up the rest of it, are in that shopping-basket as well.

● (1640)

I attended those meetings. I attended the finance ministers' conference, then the first ministers' conference, and then the finance ministers' conference that followed—and I am not surprised that the provinces went away sounding angry. They wanted the revenue guarantee to be continued which, when it was introduced, was clearly identified as a three-year transitional program. Then it was extended to be a five-year program. The five years are over and the responsibility of the federal taxpayer to transfer funds to the provinces has ended. I am not surprised that the provinces want the program to be continued, but the fact is that the federal government never agreed to continue it. It was put forward definitively as a five-year program. I am not surprised that the provinces are angry, but also I am not surprised that the federal government stuck to its guns and insisted that the guarantee program end after five years.

There is legitimate federal concern about the transfer of tax points. I think that those of us who want to see a vigorous