

*Federal Transfers to Provinces*

● (1720)

I point out to the Secretary of State that in substance the amendment we will be putting forward is the same as a recent proposal by the Canadian Association of University Teachers, so I am doubly confident that he will give it very favourable consideration. I see him shaking his head, and I trust he is doing so in the affirmative.

There certainly is no justification for a further reduction in the federal financial commitment to these programs at the present time when the revenues of all provincial governments are already being squeezed by the current recession. The strain on provincial budgets and, thus, on services such as health and post-secondary education this year will be very severe in any case. Terminating the revenue guarantee portion of the established programs financing can only add to that strain and can only justify the fears of the all-party task force on federal-provincial fiscal relations. I know most hon. members have read the report of that all-party committee and its recommendations. Among other things, the all-party committee said this:

—in order to maintain present standards, programs would have to be privately financed to a greater extent than at present.

Who is asking for that? The all-party committee went on:

In health, this would mean greater appeal to user charges and more extra billing; in education, higher fees. In either case, basic national objectives of equity and equality of access would suffer.

That was the judgment of the all-party parliamentary task force which unanimously recommended against terminating the revenue guarantee.

Yesterday my colleagues, the hon. member for Mississauga South (Mr. Blenkarn) and the hon. member for Don Valley West (Mr. Bosley), ably refuted the rationale the government has been using to support removing the revenue guarantee component from the established programs financing. When they took part in this debate they pointed out that the revenue guarantee was the price the federal government paid to get the provinces to agree to accept block funding for the hospital insurance program in 1977. That was the agreement then entered into, and for the past five years the federal government has claimed it to be a contribution to health and post-secondary education. The federal government itself has seen the revenue guarantee as an ongoing contribution to health and post-secondary education.

My colleagues stated as well that the termination of the revenue guarantee now cannot be treated as anything other than a reduction in program funding. They pointed out that this is the only major item in the government's spending program which is being so severely restrained and that the cutting of its cash support for health and post-secondary education is permitting this government to spend far more on other government programs. It is ignoring the basics of health and post-secondary education and diverting those funds to other items, which surely have to be of less priority than health and education. My colleagues pointed out that far from being a growing burden on the federal treasury, since the introduction of the 1977 fiscal arrangements total cash transfers to the provincial local sector have fallen from 27.3 per cent to 22 per

cent of federal revenues and from 22.7 per cent to 19.7 per cent of federal expenditures.

Even more devastating for the government's argument is that even if there was no termination of the revenue guarantee component of the established programs financing, by the end of the 1983-84 fiscal year, according to the government's own projections, federal cash transfers to other levels of government would continue to fall both as a percentage of federal revenues and as a percentage of federal expenditures. That is the case even if we exclude public debt charges from federal expenditures. If we look at the purchasing power of all federal cash transfers to other levels of government, we find that from 1977 to 1981 they dropped in value by 1.3 per cent and that, according to the government's own economic and fiscal projections, between the 1981-82 and 1983-84 fiscal years they will drop in constant dollars by a further 8.8 per cent.

I mention these figures because the Minister of Finance took a different tack yesterday. Yet even in the face of these figures, which can be derived from the government's own projections, the Minister of Finance, the Minister of National Health and Welfare and the Secretary of State have the nerve to pretend that reductions in the real value of all federal transfers of that magnitude will not result in higher taxes and a lower level of services at the provincial/local level. I wonder if they are dreaming in technicolour when they make that kind of statement, because no one else is making it. Everyone else who has examined the reduction in federal transfers to the provinces says it will result either in a reduction of standards or an increase in provincial taxation, or both.

I am also concerned by the implied assumption of the Minister of Finance when he justified these cuts on the ground that the federal share of the total government revenues after transfers is much lower now than it was in 1959. That is a base year which was used by the Prime Minister (Mr. Trudeau) when he referred to this matter in his November 24 speech in Vancouver. He used 1959 as a base year. Yesterday the Minister of Finance used 1961 as a base year. They both said that this represents a very dangerous erosion of the power of the national government.

I want to take a look at that because, leaving aside for the moment the fact that the federal share of revenues after transfers is now at the very same level as it was ten years ago, its share of expenditures after transfers is at the highest level it has attained since 1966. I believe that when we examine why there was a decline in the federal share of government revenues after transfers between 1959 and 1971—or between 1961 and 1971, as the Minister of Finance stated yesterday—we will conclude that it reflected not a loss of power by the national government but, indeed, an assertion of power, because during that period five major national programs were initiated: hospital insurance, the Canada Assistance Plan, equalization in its current form, expanded transfers in support of post-secondary education, and medicare. Those five large national programs have used the federal spending power to finance services in fields of provincial jurisdiction. Surely that