

Government Orders

In that regard the Quebec government has some demands of its own, especially in the field of property taxation, that may seem legitimate in certain respects and that deserve to be examined. The finance committee could take a look at it. That would add to its workload but that committee does not have a reputation for idleness. We will give it a look.

I would now like to speak about the results of equalization because one day we might have to question the way transfers are made to provinces. I repeat, despite equalization, there is a 12 per cent gap between the fiscal capacity of the richest and the poorest provinces, even though equalization has been paid all these years. The principle of transfers to the provinces has existed since after World War II. Inequities are still visible across Canada; all regions have not reached the same level of development. That can be explained and I will do that while commenting a bit on the speech of my colleague, the hon. member from Calgary West, who said that what counts is not the amounts spent but the quality of the spending.

In this regard, we fail to understand why the federal government has spent so little on research and development in Quebec compared to Ontario which does not get equalization payments. But then one cannot have it both ways. One cannot get 50 per cent of all research and development expenditures and, at the same time, equalization payments that are often used to finance shared cost programs, welfare programs and so forth.

We would very much prefer a better dollar. We would be quite proud to contribute to equalization rather than benefit from it. It would be a sure sign that we have greater fiscal capacity and are in a better financial situation.

We do not need to be geniuses to understand that provinces who do not benefit from our equalization system are in a relatively good financial situation. Ontario, as we shall see, experienced numerous problems in the last few years. But British Columbia, Alberta and Ontario get by pretty well.

Things do not look as good in Quebec, because of a lack of vision or all kinds of reasons. Expenditures and investments there have been ill advised. Spending was done more on structures than on research and development. It would be interesting to look at other programs too. Those issues are being discussed. During the election campaign, we talk about them to a certain extent, and even quite a bit. In the next few years, this House will have to look at them because the political context will leave us no other choice. We will prove our point, and we will be delighted to hold the debate the hon. member for Calgary West mentioned earlier.

A little while ago, I skimmed through a fascinating magazine called *Options politiques* in which an article by Gilles Godbout lists a number of points in his assessment of the equalization system of federal transfers to provinces. He points out a number of contradictions. He says, and I will quote his five points, starting with the following: The importance of the redistribution

function played by transfer payments to provinces has been recognized in the 1982 Constitution Act. The purpose of equalization, which is to guarantee that provinces have enough revenues to ensure comparable levels of public services at comparable levels of taxation, was even spelled out in the Constitution.

The same year, the federal government placed a ceiling on equalization payments, thus reducing the redistributive effect of the program. This is the first contradiction in the first year.

Moreover, the federal government made repeated cuts to the other transfer programs, regardless of regional disparities, particularly in the funding of health and post-secondary education. When we look at the data on the system's funding, for health as well as post-secondary education, when we look at the contributions that are made, and I have looked only at those made for Quebec, I can tell you that the situation is tragic because payments are going down instead of going up.

In spite of its financial withdrawal, the government has reaffirmed its commitment to maintain national standards in the health sector. These standards significantly limit the provinces' capacity to better manage essential public services.

• (1240)

That is not new. Because of its spending power, the federal government always wanted to set the standards, although when it reduces financing, they stay the same. We soon discovered the problems that caused for the provinces. It is very hard to maintain standards, requiring funds, when there is no money available.

Finally, it is said that the federal government is interfering in several sectors with its shared cost programs, a fact advantageous to provinces with a high spending power. Of course, it is often a question of money per capita. This way, the provinces which are well off are managing quite well. Members who are interested in equalization and transfers to provinces could find that article very revealing.

Now, let us examine the situation as a whole, in the few minutes left. The Bloc Québécois is sensitive to public finance issues and that is why we suggested alternatives. We said we wanted to look at expenditures item by item. We would like a review of the tax system which is generating a lot of unfair and unjust privileges. We are ready to work towards this end. A lot of work is being done, but a lot more could be done to make this into something very positive. This is very important for the economy of Quebec and the Canadian economy.

I am afraid that the whole problem of public spending will be passed on to the provinces and that they will have to pay the price and make some difficult choices, the choices we have trouble making here, or that the government will try to make them start sooner. It may be tempting to look at items like transfer payments to the provinces, which total \$40.5 billion and are a major share of the federal budget, and say that we will