

*Supply*

That alone would go a long way toward putting more people to work in this country.

I conclude by saying that it is very important in the next few years that we have federal-provincial co-operation in declaring a war on unemployment in this country. With federal-provincial co-operation we could put the best minds that this country has together to come up with plans, ideas, ways and means of creating jobs in this country. Trade unions, the private sector, the farm sector, municipalities and people must work together to try to create national, provincial and local programs to put Canadian people to work.

With a fair tax system, by getting rid of the GST, by abrogating the trade deal and not going ahead with NAFTA, I think we in this country in the next 10 or 20 years can achieve that goal of full employment for all Canadians.

• (1650)

[*Translation*]

**Mrs. Monique B. Tardif (Parliamentary Secretary to Solicitor General of Canada):** Mr. Speaker, in his latest remarks, my colleague spoke about the importance of involving the federal and provincial governments, unions and indeed all partners who could help solve the problems which are really everyone's problems, namely underemployment in this country. I think that is exactly what the federal government has done by creating a working group which province by province and region by region calls on people to develop this kind of co-operation. I think that it is yielding results.

I must admit that I fully agree with my colleague that it is one way to solve the problem. Certainly, government, be it federal, provincial or municipal, cannot solve the employment problem. Government are there to provide a framework in which jobs can be created. They are not there to create jobs directly; jobs are created by the joint effort of those concerned.

I would also like to point out that in his speech, especially at the end, he talked about the cut in the percentage increase of transfer payments to the provinces. The question I would like to ask him, since he spoke about the deficit of his province, Saskatchewan, in

particular, is whether the percentage increase for these transfer payments should not be on some rational basis. It is said that the percentage increase will go down, but it is still more than the increase in the cost of living and we have never been able to justify these percentages.

I understand that it was part of federal-provincial agreements reached at a time when inflation was high and one could expect that such a percentage increase would be necessary. However that is not true today and as there is no rational basis for the percentage increases which had been forecast I think it is normal to lower these percentage increases. I wonder if in the future we should not have a more rational basis to ensure that the percentage increases reflect the increase in the value of Canadians' labour.

**Mr. Nystrom:** Mr. Speaker, I agree with the parliamentary secretary opposite that we have a problem with the Canadian tax system. However if I remember correctly, in the past the federal government unilaterally made some changes in the federal-provincial tax system. The federal and provincial governments should negotiate the fiscal arrangements.

[*English*]

In the past, it seems to me that a lot of these changes have been made unilaterally by the federal government. Sometimes these were announced in budgets by the federal government. An example of that is the cap on CAP, the Canada Assistance Plan, for Ontario, British Columbia and Alberta. It was announced in the federal budget without any prior negotiation.

I know from having spoken to a couple of ministers of finance at the provincial level, that there is a great deal of concern that these changes are made unilaterally by the federal government in terms of fiscal arrangements. There are no negotiations between Ottawa and the provinces. All of a sudden the minister got up in the House of Commons, read the budget speech and made certain changes affecting the provinces' finances.

Maybe the federal government has to act. I am not saying that the federal government does not have to act in certain cases. However surely in a federal state we should have co-operation between both orders of government in terms of responsibilities for both.