

*Fiscal Transfers to Provinces*

economic interdependence which require imagination, not the old approach by which the federal government will come down with a heavy hand and take it all. I do not think that is the necessary answer. The answer may be to acknowledge that we have an equalization formula, and rather than see it based on revenue, I would prefer to see it based on gross per capita income and transfer it that way and then deal with the separate problem of resource revenues or, indeed, any other similar revenue which is allowed to grow in some provinces or parts of the country and not shared adequately because of the legal nature of the resource ownership concept. Our present institutions do not allow for those revenues to be shared.

I believe the primary claim on resource revenue has to be with those provinces which have the resources. If we move away from that principle, it seems to me that we move away from the very notion that people who live and work in an area have to possess a greater sense of control over their lives and a greater sense of control over their economies. We do not want governments simply imposing their will on people who live thousands of miles away. The country does not lend itself to that kind of economic system. In my view the principle must be that of socialization and sharing but not necessarily of total centralization. The two things are not necessarily the same.

If I have a concern about this bill, putting it in the broadest terms, the concern I have about the first clause is that it simply buys a little more time for the federal government to get around an immediate fiscal problem. That is to say, unless we take certain items from the revenue base, the federal government will be forced to spend more money which it does not have, although I question this, now that the federal government has increased its share of resource revenues by such a large amount. It seems a rather ironic twist that the federal government would be getting out of it on the one hand and taking money on the other.

I still see the problem, but the federal government does this in a kind of philosophical vacuum. This is why it seems to me we ought to refer this question to the committee so that we can find some way of dealing with this problem, some way of dealing with the very significant fiscal imbalances which have grown up in our economy and which have to be dealt with in a constructive way. They must be dealt with in a manner which is not confiscatory but recognizes the principle of sharing and the fact that certain provinces have simply been lucky. It is not as though Shell Oil and Imperial Oil went out and planted a bunch of oil 50 or 60 years ago and are now reaping the benefit of what they sowed. It is a question of luck and chance as to what geological formations exist in certain parts of the country whether or not certain revenues are available in certain parts of Canada.

● (2040)

**Mr. Benjamin:** God put it there for the Social Credit.

**Mr. Rae:** I hear the hon. member for Regina West (Mr. Benjamin). It is possible, but whether or not one believes in predestination, we believe firmly that there must be some way

of dealing with the problem other than the evasion which is implicit in Bill C-24.

Essentially Bill C-24 niggles away; it is a buying of time until the renegotiation in 1981-82. But I want the committee and Parliament to have something to say about that renegotiation, because we have a right to be involved in the principles contained in the various federal proposals which will be put forward.

We must be consulted, and we must know what will happen. The disturbing element with which the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) will deal at greater length is that the federal government is attempting to buy economic fiscal respectability at the expense of the have-not provinces and at the expense of the level of services in provinces right across the country. That is why they brought in the fixed programs act in 1977; that is why there has been a decline in medicare services. One can document this from experience. Specialists in the city of Toronto in a variety of fields are practising outside medicare. So, it is virtually impossible to find an obstetrician, a gynaecologist or an anaesthetist in Toronto who practises under medicare or OHIP. One cannot have a baby or an operation without paying extra, which is an offence to the principles which were supposed to have been contained in medicare.

**Some hon. Members:** Hear, hear!

**Mr. Rae:** There are two other aspects of the bill with which I should like to deal in the time remaining. Again, it is an improvisation dealing in a haphazard manner with what is going on in the country, with the realities of the economic inequalities in the country.

They say that Ontario will not get equalization payments because its average income is too high. There can be no real objection to that. There is no real objection to the fact that Ontario is not getting equalization payments, but something must be said about a scheme which is inappropriate to the nature of the country at the moment. They say the legislation before us is making minor changes, that Bill C-24 is a minor bill. It is not a minor bill. On the one hand it affects the oil revenues and, on the other hand, they say that payments will not go to the largest provinces in terms of population. These are very major changes in the concept which was first introduced.

Finally, I come to the question of the Public Utilities Income Tax Transfer Act and the fact that private utilities in provinces which still have private utilities for the production of energy now pay corporate income tax to the federal government but public utilities pay no corporate income tax. Previously the federal government agreed that 95 per cent of the revenue from the corporate tax on private utilities would be redistributed to those provinces which had such utilities and that the consumers of those provinces were supposed to benefit. The federal government wanted to eliminate the payments altogether and get out of the formula in that manner. It has finally moved to 50 per cent, which is where it was between 1947 and 1966.