

Fiscal Transfers to Provinces

common sense, and that is that no province with an average income higher than the national average shall be the beneficiary of equalization. We in this party—and I know the New Democratic Party shares the same view, as I am sure does the Liberal Party—feel strongly that the question of equalization goes to the core of what Canada is all about in a real sense. It is a tremendously complex, difficult problem, with which the nation will have to deal in the near future. Goodness knows, there are enough things threatening to tear this country apart, and to add to the current problems a major dispute over the question of equalization would, indeed, be serious.

For that reason we concur with and strongly endorse the notion of establishing a special task force on the question of equalization. In fact the hon. member for Mississauga South moved a Standing Order 43 on January 28 which was exactly to that effect, that this task force be set up. We very much welcome the acceptance of this suggestion by the government and the concurrence by the New Democratic Party. We look forward to participating in that task force, to helping broaden the understanding of the elements of equalization, not just to Parliament, but to the nation, and at least starting the process of building a newer and better way of sharing in this country which is not quite as fractious, disruptive and damaging as the sharing procedures which are being attempted through the National Energy Program.

The other aspect of today's proceedings which is absolutely vital is the question of the Public Utilities Income Tax Transfer Act. This act goes back to 1946, but in its current form it goes back to 1966. It rebates to the provinces 95 per cent of the income tax collected from privately owned utilities. The reason for the act is very simple. It is based on the fundamental principle which must underline all federal taxation, namely, that taxpayers of equal circumstance, no matter where they are located in this country, should be taxed equally by the federal government. The tax system should not have built into it a bias which says that if one happens to live in this or that province one shall pay less or more federal tax.

PUITTA, the Public Utilities Income Tax Transfer Act, put into the system this kind of fairness because of the development of provincially-owned utilities which, because of the BNA Act, are non-taxable by the federal government and which, as a result, caused a distortion. The users of publicly-owned utilities were not in fact paying the corporate taxes which users of services provided by privately-owned utilities were paying. Simply stated, it was absolutely inequitable.

PUITTA removed that inequity. Hence, we are in the situation today where we have agreed that we will leave PUITTA in place. I am not sure what my reaction should be, whether I should be thankful, happy or mad. It is rather like being faced with a robber who, by use of argument, force or some other means, you convince not to rob you. What should one's feelings be at the end? Is one suppose to be grateful to the potential robber because he did not commit the robbery? The reality is that no fair-minded Canadian could accept the repeal of PUITTA, nor could this party.

Mr. Nielsen: The NDP does.

Mr. Andre: Yes, the New Democratic Party could accept such a repeal because to them fairness is not part of the equation.

Mr. Evans: Mr. Speaker, I rise on a point of order. I have been listening with great interest to the hon. member, but there is an error in his analysis. The bill did not repeal PUITTA, it reduced the payments from 95 per cent to 50 per cent. I know that this does not affect the hon. member's analysis, but knowing that he wishes to be accurate in everything he says, I thought I would make the point.

Mr. Taylor: Mr. Speaker, on a point of order, the government, months before the bill was introduced, brought in the measures contained therein by order in council, which is completely contrary to representative government.

Mr. Andre: Mr. Speaker, I thank the hon. member for Bow River (Mr. Taylor) for defending me. The parliamentary secretary is half right. In fact the initial move by the then minister of finance, now the Minister of Justice (Mr. Chrétien), was to repeal the act in total. As a result of representations, he backed up half way. To go back to my analogy, as the result of many arguments we convinced the robber to take only half the cash in our pocket. Finally, we have convinced the robber to leave us with all the cash which belong to us. The hon. parliamentary secretary is correct, we were only half way home earlier, but now we are all the way home.

As I say, PUITTA simply puts equity into the system. The socialists are more interested in state ownership than in equity. They are struck on that ideology—

Mr. Blaikie: State ownership is equity.

Mr. Andre:—so that any biases, distortions, arm-twisting or thievery which will encourage people to look to state ownership as a way to relieve the pain or the losses is to be encouraged. The fact that it might be unfair, inequitable, or downright mean is immaterial, just as long as it has the intent or purpose of promoting socialism, and this new nirvana which will save us all once big brother runs the whole darn country and all aspects of it. All concerned, thinking Canadians who love freedom and democracy, pray that we will never see the day and that we will keep up the lonely battle against the forces of international socialism.

● (1540)

I will not intrude on the time of the House too much longer. I am pleased that this agreement has been reached. The removal of this threat to the Public Utilities Income Tax Transfer Act is something to which this party is absolutely and firmly committed. We are obviously going to vote with the government when we defeat that clause. The question of an analysis by Parliament of the fiscal transfers arrangements between the provinces and the federal government and of equalization, is something that we believe is very valuable for the country and it is a responsibility that Parliament should assume.