

*Fiscal Transfers to Provinces*

have to do with structural causes and I am prepared to accept that.

● (2030)

However, it is important to remember—and very important for the producing provinces to remember—that their fight with the federal government should not be confused with another principle and another problem, that is, the question as to who wins and who loses in the resource game is not simply one between the provincial governments and the federal government; it is between provincial governments which have won the game of geological roulette and the provincial governments which have not. Where do we go from here? One of the reasons I am not happy with the proposal put forward by the hon. member for Mississauga South that we remove the section on public utilities and simply get this bill through in three days is that the federal government is about to engage itself in a process of negotiation and renewal of the equalization formula with the provincial governments. This matter has not been discussed in the Standing Committee on Finance, Trade and Economic Affairs. We have not had an opportunity, as has the Senate committee on national finance, to discuss the implications which are involved in these transfers and the implications for federalism and federal-provincial relations.

Therefore it seems to me it is important that the Senate committee on finance have an opportunity to discuss more than simply PUITTA, which is particularly important to one province. I do not gainsay the importance of that province and the consumers of that province, but I think it is of too great a seriousness for us simply to get this thing through when this is the only opportunity we will have in the near future to participate, to ask the minister and the department questions and to obtain information from the department as to its perspective on the problems caused by the imbalances produced by the nature of our economic system and the economics of co-operative federalism.

A number of suggestions have been made for dealing with the fact that resource revenues are growing in one part of the country. That is called the recycling problem. One of them has been that the federal government should get a greater share. I think all of us in all parties agree with that principle. It was one of the principles contained, in a slightly blurred way, in the Crosbie budget of last year. It is a principle which was contained in the Liberal budget of this year. Each budget chose to take a different route in guaranteeing that the federal share would be larger, but each recognized that the federal share had to be larger whether taken in the form of taxes on resources at the refinery level or in the form of a tax on gasoline at the pump. I think there has been a general recognition that the federal share has to be larger. I think this feeling is shared by all parties. Not everyone is prepared to carry it forward as a greater principle, but I think everyone recognizes that that has to happen.

We still come back to another problem. That takes care of the federal government, but it does not take care of Nova

Scotia necessarily. It does not take care of New Brunswick, Quebec, Manitoba or those other provinces which, as I put it before, have lost the game of geological roulette and which can foresee no real possibility of being able to win it. Suggestions have been made by a number of observers as to how to deal with the problem of the equalization of resource revenues. If we were to agree that money should be taken out of the general formula for the provision of public services, that would not be a bad thing, because it is in a sense almost a separate phenomenon and is so large that it creates a tremendous imbalance in the formula itself. To include it in the formula and simply redistribute it as “gravy” across the country would be unwise and very shortsighted, but if we simply allow it to accumulate in one or two provinces—the accumulations are going to be rather large if we adopt the types of price regimes which are being suggested, even by the Minister of Finance (Mr. MacEachen)—then I should think we would have to look at something else.

A number of other proposals have been made. I do not think there is any need to be ideological about any of them. The Premier of Saskatchewan suggested the creation of a federal-provincial energy bank as one way of dealing with revenue. The government of Alberta has suggested that it simply lend money to those provinces which want it. The government of Ontario produced a paper which was, if I may put it this way, widely drawn on by the hon. member for Mississauga South when he gave his speech. The government of Ontario in its budget of 1980 produced a very thoughtful paper on equalization and fiscal disparities. It has a number of proposals to make. Professor John Halliwell of the University of British Columbia has also made a number of proposals. Professor Courchene, a former Conservative candidate in London and, if I may say so, a distinguished conservative economist, has made suggestions as to what to do about the recycling problem. Professor Scarfe of the University of Alberta has made a number of proposals. What all these proposals have in common is a concern that a proportion of this capital which is growing in the producing provinces has to be distributed in some way. It should not be distributed to the federal government, because it can take care of itself, but it should be distributed to those provinces which do not have as much. I refer to the have-not provinces.

There has been a suggestion with respect to a negative income tax. There has been a suggestion with respect to a distribution between and among provinces which would be separate from the federal government. There have been suggestions with respect to interprovincial transfers. Some of these suggestions are very exciting. They draw on the idea, for example, of capital funds for Atlantic Canada, for Quebec or for the province of Manitoba.

There is the notion that a heritage fund is not something which should be restricted simply to the producing provinces but something to which all Canadians should have access, perhaps not solely through the federal government. There may be other ways of doing it, but all these things point to new adventures in co-operative federalism and new institutions of