

to the establishment of a parliamentary group with the responsibility for studying fiscal relationships, financial economic relationships, and the question of transfers from one level of government to another.

Word has come to us that the Department of Finance has made certain proposals in respect of the funding of higher education.

An hon. Member: Was that a mole?

Mr. Rae: The hon. member asks whether that is a mole. I can assure him it is not a mole, it is a number of people in the community who are deeply concerned about statements which have been made. In fact, in answer to the hon. member for Don Valley East (Mr. Smith), it is not a mole, it is the Minister of Finance (Mr. MacEachen) himself who, in his budgetary statement at the end of October, told us that the government intends to achieve net savings in this area, referring to social policy, to help finance initiatives in the other envelopes. He went on to say that because of the statutory nature of much of the spending in this envelope, savings are not assumed to begin until 1982-83. Savings are expected to include reductions in federal transfers to provinces relating to areas coming under provincial jurisdiction. Obviously those people working in areas like education, which is clearly under provincial jurisdiction according to the constitution, read the statement by the minister as a clear warning that the federal government was so concerned about simply reducing its overall economic commitment to the process of transferring from its own jurisdiction to the provinces, that it was university spending which seemed to be the most attractive target.

We now have word that the social development committee of the cabinet is actively considering a proposal which would cut the federal contribution to higher education by \$1.5 billion and would lead to a cut over all in the EPF program of some \$2 billion.

● (1250)

The accountants in government appear to be in the process of winning out over those people—and I hope there are still some in the government who would include themselves in this group—who look to the substance of the programs being funded and ask the question, not in an abstract way that something must be cut, but what programs need to be funded and how they will be funded. It is not the time for the federal government to suggest that it will unilaterally remove itself from the funding of universities and university research when the Minister of Industry, Trade and Commerce (Mr. Gray) is saying that an industrial strategy is one of the top priorities of the government, at a time when the Minister of State for Science and Technology and Minister of the Environment (Mr. Roberts) is saying that research and development will be beefed up, and at a time when the chairmen of the NRC and other research groups have made it very clear that we face a crisis in funding, planning and strategy in the entire field of scientific research and development.

The federal government should not decide unilaterally to withdraw from this area. We know what is happening in the

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real world and in the real economies of the universities. The federal government has decided to withdraw because it feels it must cut somewhere so it might as well cut where there are no universal programs to worry about.

The Minister of National Health and Welfare (Miss Bégin) was quoted outside the House. I do not know whether the quotation was accurate or not, but apparently she was quoted as saying that maybe the university program will be cut because, after all, it is an elitist program; she used the word "elitist". I realize that not everyone of university age goes to university, that in fact the numbers indicate that it is very much a minority. There are those who do not see that the world of science, research, universities and higher education goes beyond simply provincial jurisdiction of education and is directly linked to the industrial strategy of a country. They are making a very serious mistake by not seeing the federal government has a responsibility.

If the accountants and the accounting mentality of the Department of Finance win out over the people who look at the substance of the programs, I think it will be a real tragedy for our universities, our young people and our researchers who will inevitably go to the United States and elsewhere if they do not receive the governmental infusion of support which they so desperately need. It will be a tragedy for the whole country.

It appears the government has taken a decision to get out of these programs, according to the minister's own words in the budget. When one looks at hospitalization, medicare, the Canada Assistance Plan and all the transfers which make up approximately 22 cents of the federal government dollar, which is a very substantial amount of money, I suppose university education appears to be the most convenient target. But it would be a mistake to assume that this will happen without a fight. It will be not only a fight on the part of the provinces, because of the assumption that all of the provinces are wealthy and can equally afford it, but I can assure the minister that it will be a fight from this party.

It is our position that the over-all social policy envelope should not be reduced in its role and in its importance because of the importance of maintaining adequate levels of service, indeed more than adequate levels of service. Also we are concerned about the future of higher education in Canada, of research and development, and the role the federal government must play in the financing of higher education. If the department, the ministers responsible for social development, or cabinet are under the illusion that they can make this surgical incision without a very definite political response, I want to assure them they are mistaken.

It is extremely important to understand that the renegotiation of the EPF and the fiscal arrangements involve not only the relationship between the federal government and the provinces, but also the question of the level of service for specific programs which the government must decide as a political decision will be maintained.

Mr. Justice Hall expressed concerns about the integrity of the medicare program because of the fact that there was no way effectively to establish national standards. It is a dilemma;