

Federal-Provincial Fiscal Arrangements

which is Canada is best represented and where the forces of mutual need and mutual aspiration bind that diversity into a nation. For that is what it must be if this country is to survive.

[Translation]

Mr. Claude Wagner (Saint-Hyacinthe): Mr. Speaker, it is that much easier for me to approve this bill that it is the result of long but fruitful negotiations between all the governments of our country. The agreement having been signed by all the authorities concerned, it would be ungracious of me to oppose it, despite some reservations about some of its secondary stipulations. However, and this explains the bitterness with which the agreement was reached, Bill C-37 is a typical example of the way federal-provincial relations should not be approached.

Once again, Mr. Speaker, we saw the Minister of Finance of Canada patronize the provinces, launch the discussions with resounding statements, threaten to put an end unilaterally to the guaranteed income program for the poorest provinces, and denounce the implicit agreement reached with difficulty five years ago in that particularly sensitive area. The proposals of the minister met with justified anger. For the first time in our history, all the provincial governments opposed a common front to the claims of the central government that it could, as it saw fit, dispose of the incomes of the country and reshuffle the equalization system.

The attitude of the minister gave rise in all sectors, and particularly in Quebec, to deep seated resentment. It increased the skepticism of many Quebecers with regard to the possibility of living within a form of federalism in which the provinces would be considered more than mere pawns but as true partners in the confederation to which they gave birth. Almost a whole year was wasted in useless quarrels and exhausting palaver. Two meetings of the finance ministers ended in deadlock. Finally, the leaders of the governments themselves were called in. They had the wisdom to agree on a compromise, but not without Ottawa having had to back up almost on every point. Bitterness persisted among the participants. In Quebec, federalism lost some support that went to the independent movement. I shall not dwell, Mr. Speaker, on the provisions of the bill which, over-all, renew, with some alterations, the agreement signed five years ago and which expires at the end of March.

I note that in the area of equalization payments, the Minister of Finance has completely reversed his former position. He finally took the stand directly opposite to his proposals of last April. He wisely accepted to include in the new agreement a clause which, for each year of its duration, guarantees that provincial revenues will be maintained if the federal government were to modify its income tax scale. In the case of established programs, the minister has even innovated, which is quite fortunate and he deserves congratulations for that. The new agreement combines the traditional system of direct payment from the federal treasury with the transfer of fiscal points to the provincial administrations.

The new system should allow for greater flexibility in the administration of those programs, particularly in the case of

[Miss MacDonald.]

hospital and medical insurance plans. It will suppress the rigidity of the old formula about which provinces had good reasons to complain. Mr. Speaker, this legislation, goes to the core of our federal system and constitutes a practical application of it. Since federalism transcends the mere question of income a sharing, I should like, with your leave, to indicate a few avenues that could help us overcome the crisis facing us and which might not have reached its peak yet.

● (1550)

With regard to the overconcentration of decisional powers and income sources in the hands of federal leaders—a concentration of which Bill C-37 does remain a glaring illustration—the official opposition advocates greater decentralization of the legislative and administrative systems through a federalism of consultation. Indeed, Mr. Speaker, this idea was put forward with firmness and clarity by the official opposition leader (Mr. Clark) in his speech in the House last Friday, and all members would find it quite profitable to read it again. For us, decentralizing powers is not a means to weakening Canada, but on the contrary a means to reinforcing the structures and enhancing its efficiency. In my opinion, this decentralization will allow every government level to co-operate effectively towards the enforcement of the national policy.

Indeed, it is not a matter of denying the federal government powers that are essential to the country's cohesion. We must admit that, in some key areas such as the economy, Ottawa should enjoy the legislative supremacy without which Canada would face chaos. This is not the moment nor the place to define those essential powers. This should be the matter of a constitutional conference which hopefully should not be delayed indefinitely. For the time being, I shall only regret that for this government, Ottawa too often meant Canada. As a result, it assumed powers and mandates that could have been exercised with as many if not more advantages by provincial governments in the best interest of the Canadian community.

The constitution of 1867 provided for the existence of these governments precisely because of the disparities in the culture, the resources and the traditions of the different parts of the country. If we had tried to stick more closely to the objectives established by the Fathers of Confederation in the past, we would not probably hear about associated states today because the provinces would take an effective part in the establishment and the implementation of general policies which have been mutually agreed upon. Mr. Speaker, I refer particularly to the field of taxation which happens to be the subject matter of the bill before us. If all specialists tend to agree that Canada is divided into five economic areas, with various needs and priorities, would it not be more logical to use the resources and the capacities of each of the provincial governments to counterbalance the deficiencies in federal policies in local situations?

Nobody will deny the federal government a right to legislate to standardize incomes and give equal opportunities throughout the country. But considering the failure of some of their policies, one can wonder whether we have not been led astray