

Government Orders

• (1125)

For a committed federalist to raise this issue, which goes to the very heart of Canadian federalism, is a clear indication that it is a problem that must be dealt with quickly, as soon as it reaches the Finance Committee with Bill C-3.

We must not forget that, as I said before, the ceiling applied from 1988-89 to 1990-91 caused recipient provinces to suffer a potential loss of over \$2.9 billion. In this case, recipient provinces means those that are least able to absorb these tax losses. Quebec absorbed 60 per cent of this potential loss and thus suffered a loss of \$1.8 billion in revenue.

Assuming that the GDP annual growth rate will be between 5 per cent and 6 per cent per fiscal year, the federal Department of Finance expects that applying the current ceiling provided in Bill C-3 will cause the recipient and thus poorer provinces to lose nearly \$1.5 billion over the next five years. Quebec will again absorb 60 per cent or nearly \$900 million.

Earlier, I had to smile when I heard the hon. member say that a change in the reference tax base used to establish equalization amounts for each province would give another \$300 million to the poorest provinces and about \$70 million to the province of Quebec. The mere fact of extending the ceiling for the next five years will cause Quebec alone to lose \$900 million. If we take this loss of \$900 million and subtract about \$300 million gained over the next five years as a result of redefining the tax base, the result is still a net loss of \$600 million for Quebec alone.

This will only happen if the forecast growth of nominal GDP over the next five years—the optimistic forecast made by the federal Department of Finance—is accurate. Recently I have seen figures of 5 to 6 per cent. In particular, a number of organizations in Quebec were talking about growth of around 4 per cent, so if we have 4 per cent growth and if there is a 4 per cent ceiling on equalization payments, losses may be well in excess of the figures I just mentioned.

The federal government, by tabling Bill C-3 and ignoring all the problems, incongruities and even absurdities found in other federal transfer payments, has made it clear that, like the previous government, it intends to shift the burden of the deficit onto the provinces and, by the same token, undermine the grand design of federal equalization. Like the Conservatives, this government will let the provincial governments take the blame for tax increases and wash its hands like Pontius Pilate.

An hon. member: Blameless.

Mr. Loubier: Absolutely. Like Pontius Pilate.

If I were a federalist, I would recommend a complete overhaul of the transfer payment system and go back to the position taken

in 1941 an expressed so well in the Rowell-Sirois report. However, I am not. And even the most committed federalists are starting to have doubts about the effectiveness of the tax system and Canadian fiscal federalism.

I am a sovereigntist, like the Bloc Quebecois. To us, the best reform would be to give Quebec its sovereignty, and we cannot repeat this often enough.

• (1130)

If one looks at the mix-up there is in standards, federal transfer payments, the necessity to respect national standards, duplications, overlapping, et cetera, only one solution comes to mind and that is the redefining of the relationship between Quebec and Canada, the establishment of a new relationship which would allow a sovereign Quebec to adopt consistent policies on income security, policies combining income security with education programs and manpower training; a new relationship where there would be only one stakeholder and not two who sometimes implement contradictory measures which cancel one another.

Just think how much we could reduce disparities between regions, income levels and generations that constitute a major problem in developed countries today. Think of all the possibilities we could have in Quebec and in Canada if we would only review the federal transfer programs, of all the opportunities there would be for us to face today's great modern challenges like globalization and job creation—jobs, jobs, jobs. We are also concerned about jobs considering all the measures that have been on our mind for almost two decades if not three.

We will contribute nevertheless, as we have said since the beginning, since we have taken on our role as Official Opposition in a responsible and efficient manner; we will continue to play that role and when Bill C-3 is referred to the finance committee, we will propose, among other things, that the equalization ceiling be removed.

In conclusion, I would like to add a few elements to the evaluation of equalization and other federal transfer payments. A word of warning for my colleagues from other parties. Let no one come and tell us, during the debate on equalization in this House or during the finance committee proceedings, that Quebec receives more than its share of equalization and transfer payments, that Quebec receives more than its share of the Canada Assistance Plan and therefore of social assistance. Quebec does not need equalization payments nor does it need CAP, and it definitely does not need equalization payments rendered useless since being capped. What Quebec needs is a strong, well structured and vibrant economy providing it with the necessary tax revenues. That is what Quebec needs. It is jobs we want in Quebec, not the Canada Assistance Plan.