

Mr. Thomson: Backwards.

Mr. Saltzman: Sometimes it is backwards. The province of Ontario now transfers some of the educational costs to the provincial level. However, it is a long way from removing the burden of education from the municipal level to the provincial level. There are other provinces which would like to move faster than that. There are other provinces which, for good reasons, would like to change the way school costs are borne and they cannot do that under the present agreement.

• (1720)

There is another grievance from the province of Manitoba which ties in with that. Recently the province of Ontario was given the opportunity of reducing or instituting an across-the-board tax cut which is acceptable under the present formula. When Manitoba wanted to reduce its taxes, and reduce them in a selective way so that it would not be across-the-board but directed mostly to those people who needed assistance, their request was turned down. So, you have a system that is encouraging regressive taxation and discouraging anyone who wants to improve the tax system. The federal government has failed to give us a progressive tax system and is saying to the provinces that they are going to throw every roadblock they can in the way of it being done. That has to be changed. It is a legitimate complaint and the federal government should be able to present legislation that would take it into account.

Although I have understood it, I have regretted the fact that the Province of Quebec has opted to take points rather than have its taxes collected as the other provinces have. We can argue that Quebec is a special case. Every province is a special case, but perhaps Quebec is a little more special than the others. I think they have special problems and sensitivities which have to be allayed. In confederation, we have to bend a little bit in order to accommodate the sensitivities of any group. But I deplore, Mr. Speaker, the tendency of other provinces to want to go the same way. It is one thing for Quebec, which at the moment is a "have not" province and receives assistance from the others, to take this position because of its cultural needs, but it is a different thing when the province of Ontario, the rich province of Canada and perhaps the other rich provinces, decide to go the same way.

Ultimately, this will destroy the whole principle of equalization. It is not good enough for the federal government to say any government can take its tax points and get out. That is no good to a province without a great number of tax points. Perhaps the minister is going to remind me later in the debate that there is a guarantee that, to the extent their revenues fall short of the tax points, the federal government will make it up. I would respectfully suggest, considering the record of this government, that this is no guarantee at all, especially when we remember medicare and post-secondary education. The only effective guarantee for the provinces is a continuation of the equalization formula and prevention of any province opting out. Otherwise, no one is going to have any confidence in the future.

The federal government has also indicated that it intends to get out of the cost-sharing programs, that is

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medicare, hospital insurance and post-secondary education because costs have escalated beyond their calculations. They imply that the provinces have been irresponsible under these cost-sharing programs and so the federal government will limit its participation in the years that remain to an increase at the most of 15 per cent. Mr. Speaker, I think it is immoral, it is unfeeling and it is dishonest, for a government to make this argument.

We in this party supported with the greatest enthusiasm a national program of hospitalization and a national program of medical insurance. We felt that there had to be standards in those areas across the country, and that whatever the cultural or linguistic differences across this country or differences in life style, these elements were so fundamental they had to be available to every Canadian. The government made the right moves in this direction, although reluctantly and some 30 years after Mackenzie King had promised them, but we never thought that it would renege on its promise. It is all right for some of the richer provinces that have set up their infrastructure. In the early years of these programs they had the resources which enabled them to build the facilities necessary for a shared cost program and thus prepare themselves for the future under a medical and hospital service plan. But it is not fair to the poorer parts of Canada and the provinces that are only now starting to develop these programs to the fullest extent.

The federal government has been unfair in another way. It has not provided flexibility and a lot of the fault for over-spending rests on its shoulders. Because of the rigid formula introduced for both these programs it is virtually impossible for a province to find ways to cut costs or to experiment with finding better ways to handle the services. Now, the government accuses the provinces of wild spending, seeming to forget that each province has to put up half the money. This is almost harder for some provinces to acquire than is the portion that comes from the federal government. I think it is imperative that the federal government give an assurance to the provinces that it will continue these programs which are national in scope, on a shared-cost basis.

If there is to be a change, and if the federal government feels that it does not have as much control as it would like, then it can move in a number of directions. One would be to provide more flexibility, so that provinces could use their discretion and another would be for the government to take over the entire cost of the program. Of course, I have some reservations, and I think we all have about shared-cost programs. We know there are difficulties with them, but we do not think these are the difficulties that are being enumerated by the federal government, nor do we think the reasons are those that the federal government is stating. Some of the finest programs in this country are totally operated by the federal government. It may be that it will have to move out of shared-cost programs into programs entirely operated by the provinces or entirely operated by the federal government. If there is to be a move in that direction I suggest, in fairness to all the provinces and particularly the poorer provinces, that the federal government should assume the total cost of medical and hospital programs as it does the old age pension and unemployment insurance.