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## Billions more for Canada's welfare provinces

Federal-provincial negotiations are beginning to resemble the famous Mad Hatter tea party in Alice in Wonderland. Everyone sings "Have a merry unbirthday," and nothing makes sense.

Last week's national Equalization powwow in Ottawa was so mind-bogglingly foolish it's hard to know where to start.

Equalization is a federal government program that raises the level of provincial social services in "have-not" provinces. Contrary to popular belief, the idea was not proposed (or even considered) when Canada was formed in 1867. It was enacted only in 1957, and not added to the Constitution until 1982.

In fact Equalization marked a blatant repudiation of the founding assumption that all provinces would look after their own social and economic development without national interference.

Since it began, Equalization has siphoned almost a quarter-trillion federal tax dollars from Alberta and Ontario, and delivered it to Quebec, the Atlantic, the eastern prairies and the northern territories. In the process it has robbed large areas of the country of any motive to improve themselves, in the same way that welfare and EI so easily rob the able-bodied of incentive to find a job.

Manitoba gets 19% of its provincial revenues from Equalization, the Atlantic provinces even more. They see this

money as coming from "Ottawa," but in reality it's taken from the successful provincial economies of Alberta and Ontario.

With last week's agreement, national payments will rise from \$9 billion last year to \$11 billion next year, and escalate by 3.5% annually thereafter.

The welfare provinces, especially Quebec, had wanted it raised right away to \$15 billion a year from the present \$10 billion. After all, they argued, Ottawa taxed Canadians an "extra" \$10 billion this year, so why shouldn't the welfare provinces get half of that?

It didn't bother them that not one dollar would have been sent back to the Alberta and Ontario taxpayers who contributed the lion's share. But why would it?

Paul Martin replied that Ottawa needs the "extra" money for its new national daycare program. More Mad Hatter talk. Daycare is 100% a provincial responsibility. So is urban development, another Martin enthusiasm.

Negotiations turned from foolish to furious when Newfoundland Premier Danny Williams stomped out. He said that Martin has reneged on an election promise to stop "clawing back" 70% of Newfoundland's royalty earnings by deducting them from the province's Equalization welfare cheque.

"Our pride can't be bought!" declared the premier.

No, just their votes. Martin's promise boosted the Liberals' Newfoundland campaign in June.

The problem with the whole Equalization system (like most other federal "help") is that it severs rights from responsibility. The welfare provinces feel they have a "right" to equal government programs and services, without an equal responsibility to pay for what they consume.

I know it's impolite in Canada to criticize welfare recipients, even those who don't need it.

But if we hope ever to downsize regional transfers to the much lower scale of other federal countries, we will have to start encouraging success instead of subsidizing failure. We should help the welfare provinces pay off their debts, in exchange for them reducing social spending and business taxes.

This will increase the size and productivity of their private sectors, and help all provinces in time to pay their own way. And surely regional self-sufficiency is the whole aim, is it not?

- Link Byfield

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