

Government Orders

federal government promised it would cover for every province.

In the province of Ontario we have seen, as a result of the federal government's direct transfer payment changes, an increase in the provincial debt of \$11 billion. That is 28 per cent of the provincial debt in our province, 28 per cent has come from the actions of this government.

Yesterday, a throne speech came down from the Government of Ontario pointing out that for this fiscal year alone there will be a loss to the province of Ontario of \$4.5 billion because of the policy promises which this government has simply ripped up. We cannot continue with that.

We cannot continue to off-load the problems of the federal government, created by the federal government, on to the provinces across this country and then force those provinces to deal with the fact that they are very tightly squeezed financially and as a result they have to reduce what they would like to transfer to hospitals or education. Our hospitals and schools across this country are under threat. We must ensure that the federal government keeps its promises to ensure that in the future we do not get into this kind of unfairness.

That is what is needed in this country. I hope that is what we will see from this government in the next year.

Hon. Frank Oberle (Minister of Forestry): Just briefly, I would very much appreciate if the hon. member could inform us how he would arrange for the federal government to be able to make these payments which he says need to be made.

The Ontario premier has told us that Ontario has been short-changed by the federal government to the tune of \$14 billion. In the case of British Columbia the figure is \$3 billion. One would assume that the figure for Alberta would be \$3 or \$4 billion. The total figure is close to \$20 billion.

We also know from the papers tabled in the House by the President of the Treasury Board that the federal government, even today, only uses 11 per cent of its entire income to run the total operation of the federal government after we have paid the interest on the debt, after we have paid the other transfer payments which

include CAP, the Established Programs Financing, which pays for education and health care, and the transfers to the provinces.

I would ask this simple question of the hon. member. Since it is quite obvious that no further cuts can be made in any other area of federal expenditures would he have increased the federal deficit this year from \$30.5 billion to \$50.5 billion? Where would he find the interest next year to pay for the debt? Could the hon. member answer this logical, simple question?

• (1240)

Mr. Langdon: Mr. Speaker, I will be very pleased to answer that question. However let me correct the minister if I can first.

He has suggested that the government's deficit was \$30.5 billion. Let nobody believe that. In fact, in the government's own budget the deficit is \$31.5 billion. We are talking about an even bigger deficit and bigger problem.

I am one of the people who signed the unanimous report of the finance committee just a few months ago saying that there is no business anywhere in this country at the federal level to increase the deficit of this country now.

We cannot do it. It cannot be afforded. Liberal and Conservative governments have got us into a position in which we now pay 35 cents out of every tax dollar for interest payments on the national debt. That is not something that can continue. It must be dealt with.

How would we deal with the problem of the provinces being squeezed and the federal government facing a deficit problem? We would take some of the unfair, ineffective tax loopholes which exist and get rid of them. We would reallocate the money to the provinces.

Specifically, we would get rid of the business entertainment tax deduction which costs the federal government \$1 billion a year and which has been called by the editor of *Canadian Business*, not by a New Democrat, the biggest tax rip-off in this country. We would get rid of that.

We would eliminate the capital gains tax exemption of \$100,000 which goes to people who speculate on the stock market. We are not talking about the exemption