

Federal-Provincial Fiscal Arrangements Act

to be able to take part in the debate on this Bill. Unfortunately, I cannot say that I am pleased to speak on this particular Bill because I think this is one of the most serious actions to be taken against young people in Canada in a long time. We have just gone through the episode of Senator Hébert's fast on behalf of Katimavik. He was on a specialized mission, but the wider issue touched a nerve in Canada, an untapped reservoir of support. The wider issue is the problem of young people in Canada.

Having gone through that experience, the Government now introduces a Bill which will reduce the expected educational funding in the country this year. The provinces expected to receive an increase of 8 per cent in funding from the Government of Canada in cash and tax points. They will now receive an increase of only 6 per cent. The provinces will receive less than they had anticipated. That is the reality. The Parliamentary Secretary pointed out that there will be an over-all percentage increase from last year's funding. The point is that the increase is less than the provinces expected and counted on getting for the financing of health and post-secondary education.

In my own Province of Newfoundland there will be a reduction of \$7 million in 1986-87. Newfoundland will get \$7 million less than it had expected. It will have to find that money within its own economy. Over a five-year period the province will receive \$48 million less than it expected. That is in the province which has the highest unemployment rate in the country and an economy which is very, very vulnerable, and which has already experienced cut-backs in Government programs. It has seen the lay-off of public servants. It has seen the world oil price plummet, which has put in jeopardy the one great hope which the province had; that is, the development of Hibernia. Newfoundland and other provinces like it will be forced to look to their already weakened economies to make up the disparity in funding. In his attempt to come to grips with inflation at the federal level and to lower the federal deficit, the Minister is passing the problem on to the provincial economies. I am not alone in taking this position. It has been echoed by the Premier of Newfoundland.

There has been a break with tradition with regard to consultation with the provinces and the new stability and harmony in federal-provincial relations. Over the years the federal Government and the provincial Governments negotiated new fiscal arrangements. That did not happen on this occasion. There is a new regime to take over at the end of the present five-year period.

My friend has said that there has been consultation with the provinces. I would like to read to him the reaction of some provincial premiers and ministers. Mr. Peterson from Ontario said: "You don't call it a cut. You could call it a breach of faith. You could call it breaking a promise". In the *Halifax Chronicle-Herald* of December 4, 1985, Mr. Nixon said: "There was uniform opposition to the Ottawa plan. Nobody thought it was a good idea". In the *Gazette* of December 13, 1985, Mr. Gerard D. Levesque of Quebec said: "It is unfair to

the provinces because they have been counting on the amounts agreed to in the accords". In *Le Devoir* of November 29, 1985, Mr. Hatfield said:

[*Translation*]

I shall have no other choice but to increase user charges for health services.

[*English*]

Mr. John Baxter, the Finance Minister for New Brunswick, said: "It is unreasonable for a federal Government to think that provinces which have taken difficult measures to deal with their own financial situation can also be expected to absorb part of the problem at the federal level". Mr. Keer from Nova Scotia said: "Every province in there made it clear that there's probably nothing more important to deliver to Canadians than health and education". That is the reaction from the provinces, and I think we must put it on the record. The fact is that the action was taken unilaterally and the provinces do not like this measure. I do not think we should attempt to tell people that they do.

I do not know where the money went, but the first indication we received was that these cut-backs would come only in 1987. We have now been told that the cut-backs will come in 1986. There has obviously been a reorganization of money and that money has gone elsewhere. We know that it is not being spent on health or post-secondary education. We heard some views from the post-secondary education community on this issue as well. Mr. Roger Hamel of the Canadian Chamber of Commerce urged the federal Government to spend more on universities. He said that the business community is increasingly concerned that the squeeze on post-secondary education funding will make it impossible for universities to meet the demand for research and development.

Mr. Ed Anderson, the President of the Canadian Association of University Teachers, said: "Proposed federal cuts to post-secondary education could place a university education beyond the reach of many students". That brings me back to the first point I made, Mr. Speaker. The crisis is in post-secondary education. In this country we now have a generation which the Senate report recently described as in danger of becoming a "a lost generation". That is the issue I want to address more than any other.

In my own province, close to 50 per cent of eligible young people are unemployed and have dim prospects. This Bill is one of the most important to come before the Chamber because it touches upon the essence of what kind of country we will have in the future. Young people in the country are concerned about their future. They have dismal hopes and dim prospects for the future. They want, need, and deserve all the help, encouragement, and support that they can get. The Government is now cutting back on the funds which could help them to get their place in the sun, to play the role that only they can play in Canada. We should be making education the number one priority of the country. I do not think we can talk about a trade strategy or an industrial strategy without considering