

certain you will recall what I said at that time. However, I will refresh your memory. As a Member of Parliament I am truly a member of a national Government. I must first and foremost concern myself with the well-being of my constituents and ensure that they are being treated fairly in the national sense. For example, if there is an increase in federal spending in one area of the country, there should be a proportionate increase in spending in the other areas.

● (1250)

However, Canada is a very diverse country and some areas are doing much better than others. This is not a problem which happened to occur in 1984 when we took over the Government of Canada. It has been with us historically since we became a country. The Government is indeed trying to address the disproportionate share of wealth which exists in the country today.

The equalization formula is designed to take into account a number of factors which reflect a province's ability to provide an adequate level of services for the people who live there. It is commonly agreed that the equalization program is a cornerstone of our Canadian federalism and is not a program like any other. The Government recognizes that, and that is why we have increased payments this year. The Government gave my own province, Manitoba, \$115 million extra in the last two years to ensure that it was financially able to provide the services needed. I might point out that the Government was not legally obligated to provide these increases but felt that it should in fairness. You will recall, Madam Speaker, that your own Province of Quebec received a sizeable supplementary payment as well. I would like to reiterate that Manitoba was treated fairly.

I would now like to comment on the net forgiveness of an over-payment which occurred in the past years because of the census estimation being incorrect. The Hon. Member for Laval-des-Rapides (Mr. Garneau) said in his remarks that because of the net forgiveness clause in this Bill the provinces would not qualify for the technical changes. I hope the Hon. Member was not trying to mislead the House. However, he may have misunderstood the Bill, because that is not the case. The over-payment forgiveness relates to the last two years and does not affect future years in which the technical changes will take place. It is in fact included in the \$5.6 billion which the provinces will receive in the coming year and the \$5.9 billion estimated for the next year. I want to make that very clear to the House. I hope that the Hon. Member realizes that he may have misunderstood the Bill and was not trying to mislead the House on that point.

I believe that net forgiveness is a fair approach. The question of why they were not receiving complete forgiveness has been raised. The former Government created an accumulated deficit which restricts the ability of the Government to expand further equalization payments to the provinces. I would like to remind the Hon. Member for Laval-des-Rapides and the House that in the 1985 Budget it was stated

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that over the past three years the national debt grew 75 per cent and that in the same period the economy grew only 25 per cent. The present Government has taken a different approach to try to put a cap on the deficit and reduce it.

With regard to the statement of the Hon. Member for Laval-des-Rapides that the Minister of Finance is the king of deficits, I want to remind him that it was the previous Liberal Government which accumulated the \$200 billion deficit which now faces the provinces. Eighty cents of every dollar which we collect in personal income taxes goes to pay the interest on the debt. That is why the Government does not have the funds it would like to have in order to give the provinces more equalization payments.

I would like to remind the Hon. Members for Churchill (Mr. Murphy) and Laval-des-Rapides that the payments are increasing. The increase of \$300 million is in addition to the net forgiveness accorded to the provinces. My own province is getting \$15 million in additional moneys based on the rule that provinces benefit by estimations. All Governments have to estimate their budgets. When a census is taken, the estimations are corrected. The Opposition bases its claim of lack of increases on estimates which were found to be incorrect because the population did not grow as quickly as we thought it would. The Opposition is trying to use old estimates to support the claim that there are cuts when, in fact, there are increases. This year equalization payments will increase from \$5.3 billion to \$5.6 billion and to \$5.9 billion in the following year.

The Hon. Member for Laval-des-Rapides commented that the provinces will be losing \$400 million in the major federal transfers. That is completely incorrect. I refer you to a table which was in the equalization document which indicates that of the total major federal transfers in 1986-87, EPF and Canada Assistance Plan will total \$25,887 million. That will increase to \$27,328 million, a total increase of \$1.44 billion between 1986-87 and 1987-88. That is a definite increase of around 5 percentage points. There are additional federal transfers which are not included in those figures which will represent another \$2.5 billion.

I want to put that on the record to ensure that the House is not left with the understanding that these payments are decreasing, because they are increasing considerably. We would naturally like to have these payments increased further if possible, but we must recognize the responsibilities of a federal Government. I hope the provincial Governments will recognize their responsibilities as well, because there is only one taxpayer. As the former Member of the House from Calgary, John Kushner, once said, there is only one taxpayer, you and me.

However, Governments do not have money. They raise their revenues from taxpayers. I believe the provinces should recognize their responsibilities. I hope I will have the opportunity to continue this debate after the luncheon adjournment.