

ORAL QUESTION PERIOD

[English]

THE BUDGET

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, I have questions for the Minister of Finance.

Canadians are coming to see that yesterday's budget is a fraud and a farce. The minister says that he has his deficit under control. That is not true. He simply transferred it to the provinces.

The minister says that there are no new taxes. That is also not true. His cuts in payments to the provinces for health and education mean that there will be higher taxes in every province for every Canadian.

• (1420)

Canadians will see that the minister's budget will mean shutdowns of hospitals and hospital beds, higher tuition fees, and fewer university spaces.

I want to ask the minister what assessment he has done of the impact of his budget on the number of hospital beds, the effect on tuition fees, the effect on university spaces? Or is it that the minister simply does not care what damage his budget does to Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me make some comments in response to the Leader of the Opposition.

First, the transfers to provinces are unconditional transfers. They can go for post-secondary education and health care, or they can go to highways or pay wages and salaries of public servants.

Since 1977 there has been no relation to what the transfers have been made for to how the transfer moneys are spent. They just go into the general revenues of the province.

The second point I would make in relation to the hon. member's question is this. Let us put the whole matter into perspective.

What we are saying to the provinces is the reduction in the growth rate of the transfers—because the transfers will continue to grow next year by an average of 3 per cent—is equivalent to a little over half of 1 per cent of

Oral Questions

provincial spending in year one, and a little over 1 per cent in year two.

Against that perspective the adjustment that the provinces are going to have to make is not a major one. For them to be a part of the solution to a major national problem, we believe that they should share some of that burden.

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, it is still a reduction of \$7.3 billion in transfers to the provinces for projects like health and education, no matter how the minister slices it.

The minister has also admitted in effect that he does not know how many hospital beds will be closed and how many university places will be lost because of his budget.

The minister will be hearing from the premiers. The minister will be hearing from student leaders and health care professionals. I would like to ask him a question about a group that does not usually have access to the minister.

The minister says that there are no tax increases in this budget. What does he call forcing sick and elderly veterans to pay a new fee of \$3,000 a year for the care they are receiving from the Department of Veterans Affairs? Is this not typical of the damage and the burden the minister is placing on Canadians who can least afford it?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, again let me put this into perspective. I do not think that there are many Canadians in this country who do not believe that we have a major fiscal problem that we must get under control, and that we are getting under control. But we need this further action to complete the job.

We have held our program spending to 3 per cent. The average increase in transfers to the provinces will be 3 per cent. The transfers to the provinces are \$34 billion this year. That is in relation to our total program spending of over \$100 billion. We have asked the provinces to accept one-third of our spending control program as part of their responsibility.

My friend makes some comments about the treatment of veterans. I think the veterans of this country have been treated extremely well over the years by this government and by previous governments. They will continue to be treated that way because they have given so much to the past of this country, to fighting for the