

Feds set to axe transfer payments

WINNIPEG (CUP)— The federal government will use college and university students to balance the budget, Manitoba's finance minister says.

By 1990, provinces will have \$6 billion less in federal money to spend on health, universities and college, according to reports from a secret session of a meeting between federal and provincial finance ministers held several weeks ago in Halifax.

In an after-dinner session of the Sept. 26-27 Halifax meeting that only finance ministers and not their aides attended, Michael Wilson, Federal Minister of Finance said the government will be cutting back transfer payments to the provinces starting in 1986. This new schedule for cuts is a change from information published in the May budget.

Because aides didn't attend the meeting and "half the ministers

were probably on the sauce" by the time Wilson made the announcement, according to an MP who asked his name not be used, the new plan for cuts got no national press.

But federal opposition critics found out through the Ontario and Manitoba finance ministries, and Liberal secretary of state critic Roland de Corneille (Eglinton—Lawrence) asked Wilson about the \$6 billion in cuts during Question Period in the House of Commons last week.

Wilson said the next meeting with finance ministers would be implemented. He did not deny the \$6 billion figure.

Since 1977, Established Programs Financing transfers from Ottawa to the provinces have risen 7.5 per cent a year, to keep pace with inflation and gross national product (apart from the years of the "six and five"

program).

Now Wilson wants to cut increases to five per cent per year, cumulative. Based on Manitoba and Ontario calculations, the Liberals and New Democrats say the cuts will be \$800 million in 1987, \$1.2 billion in 1988, \$1.6 billion in 1989, and \$2 billion in 1990.

Currently, according to the terms of reference of the federal study team on education, the government estimates \$4.4 billion of its annual transfer payments go to education and training.

In the past provinces have always cut education before cutting health care, de Corneille says. "This is the death knoll ringing (for education) if this goes through," he says.

According to Manitoba Finance Minister Vic Schroeder, Wilson's proposal means Medi-

care and accessible post-secondary education will become things of the past.

"Right now, in Manitoba, the federal government gives us 43 cents of every dollar we spend on health services and education," Schroeder says. "Mr. Wilson's objective is to reduce this to 36 cents on the dollar by 1990.

Manitoba alone could lose \$92 million annually by 1990, Schroeder says.

Schroeder rejected Wilson's claim that the \$6 billion decrease was needed to reduce the federal deficit. The same national budget that proposes the decrease is offering \$2.3 billion in tax breaks over the same five years. He says the government is trying to balance the budget on the backs of students.

"There's a clear connection here," Schroeder says. "The federal government is not taxing retirement savings program investments of up to \$15,000 a year and is also not taxing capital gains of up to \$500,000."

Schroeder says the province will do what it can to make up any possible shortfall, but he

doesn't want to be forced to choose between decreasing funding for health services or for decreasing funding to universities. Schroeder says he was confident the provinces could prevent the federal government from further reducing transfer payments. Manitoba, Quebec and the four Maritime provinces oppose the idea. Only Saskatchewan's Conservative government finance minister, Bob Andrew, was in favour.

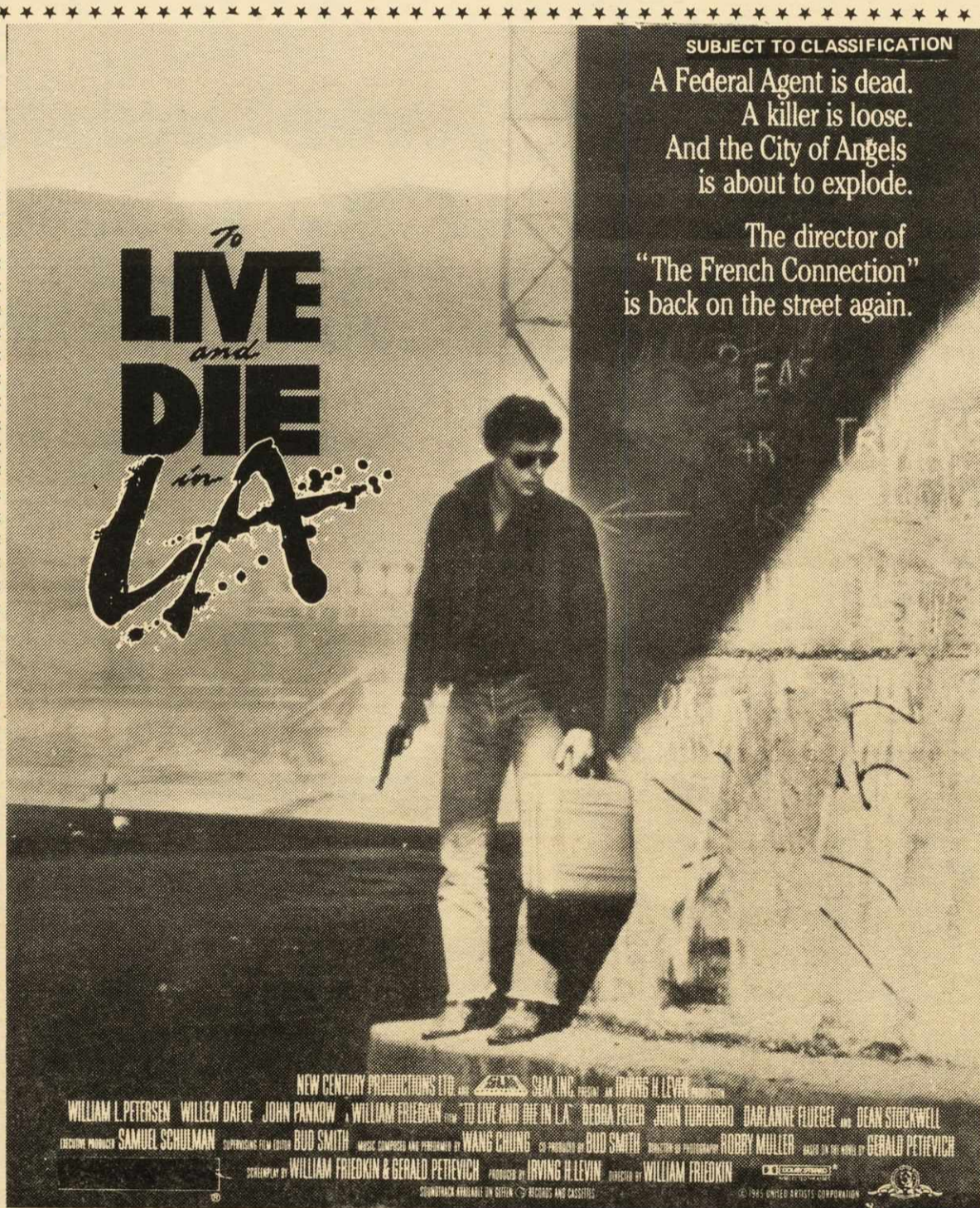
"Once people understand that this is about whether they'll be able to go to the doctor, get a college education for their kids or retraining for themselves if they're unemployed, the federal government will be forced to back down," Schroeder says. "I think the same thing will happen that happened over the attempt to de-index pensions."

John Casola, Canadian Federation of Students executive director, says CFS has been lobbying against Wilson's proposal but the organization doesn't have much information on the subject.

Sandra Wolfe, an aide to de Corneille, says the MP's office wants to get students protesting and signing petitions to oppose the cuts, like pensioners did after indexing pensions was cut in the May budget.

"Let's face it, universities are not the sexiest thing on Parliament Hill," Wolfe says.

"But if we can get the students aroused, then we can get the caucus aroused," she says.



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