

Federal-Provincial Fiscal Arrangements Act

"You don't call it a cut. You could call it a breach of faith. You could call it breaking a promise" . . . Mulroney shot back: 'It's not a broken promise. It's a responsible attempt to deal with a major Canadian problem' (the deficit)—

Mr. Turner (Ottawa—Carleton): That's right. Your deficit.

Mr. Frith: Where were the Conservatives during the election campaign of the summer of 1984? Do not tell me that they said that the secretive practices of the Liberal Government prevented them from having full knowledge of the full extent of the federal deficit. They could not campaign on that. During the election campaign of the summer of 1984, we campaigned on the idea that the deficit should never be reduced on the backs of the poor, the oppressed, the sick, or the unemployed. That is exactly what this Government has decided to do. Conservative Members at least ought to admit—

Mr. Stewart: Do you want a larger deficit?

Mr. Gauthier: There's one guy talking about larger deficits.

Mr. Frith: They should admit that the deficit reduction program proposed by the federal Government will be riding on the backs of those people to whom I referred. That is why people treat them with such cynicism. They cannot stand it.

I welcome any interventions made by Hon. Members opposite. It is an incredible performance when the Minister of Finance along with his Parliamentary Secretary (Mr. Vincent) tables legislation that we all know will break every one of the fundamental promises that were made during the election campaign, and then suddenly washes his hands of it by saying that it is not his fault, the devil made him do it, along with the former Liberal Government's hiding of the actual size of the deficit. Government Members may not realize it now, but that is not cutting well with the Canadian public. Once we see the impact of these cuts, I am going to see my constituents and I am sure every one of them will be asking why Conservative back-benchers sat quietly while the Government was tearing at the fabric of post-secondary education and medicare.

Mr. Blenkarn: Mr. Speaker, I have a comment to make and then a question to ask. The Hon. Member spoke about statements that I made during the debate on the six and five issue. That debate dealt with inflation and protection against the costs that were rising at that time very much faster than 6 per cent and 5 per cent. The former Government cut back on payments and transfers to an artificial level of six and five knowing that the recipient provinces would not have sufficient money to cover the inflation in the cost of these very programs. However, that is not the case with this Bill.

This Bill deals with a dramatically different economic situation than that which existed during the six and five debate. We now have a Government that is prepared to, and capable of, creating real growth in the economy. We are saying that instead of allowing education and health care transfers to grow with the growth in the economy, the growth should be restrained to some extent in view of the enormous deficit position.

The Bill allows for complete inflation protection. The restraint in the Bill is only directed at increases in real GNP. If there were no increase in GNP, then there would be no restraint. There is a very dramatic difference, as the Hon. Member should know, between this Bill and the six and five Bill.

Does the Hon. Member believe that we should continue to allow transfers to grow based on the growth of the economy, or does he think, in view of the serious fiscal situation of the federal Government, that we ought to allow the transfers to grow but only on the basis of inflation plus some of the growth in the economy but not all?

Mr. Frith: Mr. Speaker, the Hon. Member opposite is an expert at manipulating figures. That is very clear. He was able to manipulate the numbers in the six and five program to come up with one policy position when in opposition, and he now wants to use a different set of numbers to justify a complete reversal of that position taken by the Conservatives during the election campaign of the summer of 1984.

Conservative Members did not promise to limit the growth in transfers to provinces required to maintain the delivery of medicare and post-secondary education services. What the Hon. Member is suggesting is a complete untruth. He has to realize that Conservative Members have broken a promise and that in fact transfer payments will only grow at the level of CPI minus 2 per cent. It will not even keep up with the level of economic growth. For example, the provincial Government of Ontario in 1986-87 will have to find an additional \$114 million. Why did the Hon. Member opposite not campaign on that in the summer of 1984 and advocate those kinds of cuts?

● (1630)

This is why I say that people no longer trust politicians. They find too often that they break their word. Before the Hon. Member takes another shot at me, I should like to indicate that, to some extent, we have been guilty of practice along the same vein. However, we paid the price in 1984, and I remind Hon. Members opposite that they will pay the price in 1988.

Mr. Blenkarn: Mr. Speaker, the Hon. Member will know that this is not 2 per cent less inflation. It is a reduction in the growth in GNP. Inflation is completely covered in the Bill. It is only if the GNP does not grow in excess of 2 per cent. It is the growth in the GNP which is the restraint, not the cover for inflation. The Bill particularly covers the transfers for inflation. The provinces are protected for inflation. Indeed, the provinces get more than inflation.

As the Hon. Member knows, last year our GNP grew by 4.5 per cent or 4.9 per cent. Right now we are doing well; if there were to be no further growth for the balance of the year, the GNP would grow by over 2 per cent. The provinces will get real growth this year in the transfer, plus all the inflation growth.